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**No. 65**



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7 November 1983

# USSR REPORT INTERNATIONAL ECONOMIC RELATIONS

No. 65

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# USSR WORLD TRADE

## SOVIET FOREIGN TRADE FOR JANUARY-JUNE 1983

Moscow FOREIGN TRADE in English No 9, Sep 83 Insert

[Text]

### Soviet Foreign Trade by Groups of Countries (min rubles)

		January - June				January - June	
		1982	1983			1982	1983
TOTAL	Turnover	60362.7	64554.8	Industrial capitalist countries	Turnover	19629.8	19565.5
	Export	29934.1	32828.9		Export	9073.9	9085.4
	Import	30428.6	31727.9		Import	10555.9	10510.1
Socialist countries	Turnover	32797.6	36794.8	Developing countries	Turnover	7935.3	8794.5
	Export	16263.1	18738.9		Export	4397.1	5032.6
	Import	16534.5	18055.9		Import	3538.2	3761.9
including: CMEA member countries	Turnover	29819.2	33352.0				
	Export	15162.7	17244.4				
	Import	14646.6	16107.6				

### Soviet Foreign Trade by Countries\* (min rubles)

Countries		January - June		Countries		January - June	
		1982	1983			1982	1983
EUROPE:				Hungary	Turnover	3584.3	3847.7
	Austria	Turnover	596.6		Export	1790.7	1961.4
		Export	348.8		Import	1793.6	1886.3
		Import	250.8	German Democratic Republic	Turnover	5994.8	6549.3
Belgium	Turnover	859.1	805.8		Export	3083.3	3321.4
	Export	530.3	500.7		Import	2901.5	3227.9
	Import	328.8	305.1	Greece	Turnover	352.9	265.9
Bulgaria	Turnover	4631.5	5452.9		Export	275.2	172.5
	Export	2374.0	2680.3		Import	77.7	93.4
	Import	2258.5	2572.6	Denmark	Turnover	241.2	199.4
Great Britain	Turnover	769.5	871.1		Export	196.8	157.4
	Export	419.0	502.0		Import	42.4	42.0
	Import	350.5	369.1	West Berlin	Turnover	192.1	146.5
					Export	154.6	85.9
					Import	37.5	60.6

\* The countries are given in the Russian alphabetical order.

Supplements to the Foreign Trade Journal. Editorial office address: 11, Minskaya Street, Moscow, 121108, USSR. Telephone: 145-45-94

Countries		January - June		Countries		January - June	
		1982	1983			1982	1983
Ireland	Turnover	30,8	67,4	Switzerland	Turnover	404,8	467,4
	Export	8,0	12,2		Export	180,8	256,9
	Import	22,8	55,2		Import	224,3	210,5
Iceland	Turnover	61,9	61,9	Sweden	Turnover	365,8	437,8
	Export	28,7	24,1		Export	158,7	292,7
	Import	33,2	37,8		Import	206,8	145,1
Spain	Turnover	178,4	296,0	Yugoslavia	Turnover	2522,6	2403,9
	Export	77,4	147,5		Export	1037,1	1240,0
	Import	101,0	147,5		Import	1485,5	1163,9
Italy	Turnover	1953,8	2228,9	ASIA:			
	Export	1361,8	1448,2	Afghanistan	Turnover	342,5	286,1
	Import	592,0	792,7		Export	203,3	160,4
Liechtenstein	Turnover	5,1	12,5		Import	139,2	125,7
	Export	0,5	1,1	Bangladesh	Turnover	27,8	35,0
	Import	4,6	11,4		Export	12,1	14,2
Luxembourg	Turnover	8,7	8,5		Import	15,7	20,7
	Export	4,7	2,7	Burma	Turnover	1,1	1,7
	Import	4,0	5,8		Export	0,5	0,8
Netherlands	Turnover	931,4	1209,7		Import	0,6	0,9
	Export	714,7	895,3	Vietnam	Turnover	483,6	596,7
	Import	216,7	314,4		Export	397,4	491,1
Norway	Turnover	71,1	83,0		Import	86,5	104,6
	Export	37,2	30,3	India	Turnover	1138,8	1207,0
	Import	33,9	52,7		Export	478,8	642,7
Poland	Turnover	4242,7	4976,8		Import	762,0	564,3
	Export	2313,9	2598,2	Indonesia	Turnover	26,5	27,4
	Import	1879,8	2381,6		Export	18,6	13,8
Portugal	Turnover	28,8	48,4		Import	10,9	13,6
	Export	8,9	19,2	Jordan	Turnover	11,1	9,6
	Import	19,9	29,2		Export	11,0	9,6
Romania	Turnover	1580,3	1741,0		Import	0,1	0,3
	Export	653,8	844,1	Iraq	Turnover	859,8	174,3
	Import	920,7	891,9		Export	841,4	80,1
Federal Republic of Germany	Turnover	3391,1	3360,1		Import	18,4	94,2
	Export	1904,1	1826,6	Iran	Turnover	355,5	463,9
	Import	1487,0	1534,5		Export	322,9	213,1
Finland	Turnover	2467,5	2514,1		Import	32,6	251,8
	Export	1017,3	1014,9	Yemen Arab Republic	Turnover	14,7	33,9
	Import	1450,3	1499,2		Export	14,5	33,8
France	Turnover	1896,4	2112,4		Import	0,2	0,1
	Export	1168,3	1330,6	People's Democratic Republic of Yemen	Turnover	40,9	64,5
	Import	727,1	772,8		Export	38,5	62,0
Czechoslovakia	Turnover	4950,6	5620,9		Import	2,4	2,5
	Export	2459,9	2818,2				
	Import	2490,7	2768,7				

Countries		January - June		Countries		January - June	
		1982	1983			1982	1983
Kampuchea	Turnover	18.2	33.9	Philippines	Turnover	73.4	31.1
	Export	17.4	32.4		Export	70.1	30.0
	Import	0.8	1.5		Import		
Cyprus	Turnover	13.7	12.6	Sri Lanka	Turnover	12.8	14.9
	Export	2.3	6.1		Export	11.4	15.8
	Import	11.4	6.5		Import		
China	Turnover	87.3	111.9	Japan	Turnover	1922.2	1625.5
	Export	38.9	72.8		Export	389.8	388.3
	Import	28.4	39.1		Import	1532.4	1237.2
Korean People's Democratic Republic	Turnover	234.8	290.5	AFRICA:			
	Export	164.9	143.7	Algeria	Turnover	80.5	82.5
	Import	169.9	144.8		Export	63.8	76.9
Kuwait	Turnover	1.7	33.4		Import	19.7	5.6
	Export	0.7	33.1	Angola	Turnover	46.2	73.0
	Import	0.0	0.3		Export	44.4	71.5
Laos	Turnover	33.7	36.5		Import	1.8	1.5
	Export	32.5	36.0	Ivory Coast	Turnover	64.7	36.0
	Import	1.2	0.5		Export	0.2	0.0
Lebanon	Turnover	12.4	12.2		Import	64.5	35.5
	Export	9.3	10.8	Ghana	Turnover	27.9	18.7
	Import	3.1	1.4		Export	0.2	0.4
Malaysia	Turnover	164.3	136.6		Import	27.7	18.3
	Export	6.8	9.0	Guinea	Turnover	25.1	25.2
	Import	157.7	127.6		Export	10.2	8.2
Mongolian People's Republic	Turnover	597.7	652.6		Import	14.9	17.0
	Export	486.2	522.0	Egypt	Turnover	214.2	253.7
	Import	111.5	130.6		Export	81.1	104.0
Nepal	Turnover	11.3	5.6		Import	133.1	149.7
	Export	10.8	5.0	Cameroon	Turnover	13.4	12.3
	Import	0.5	0.6		Export	5.1	10.9
Pakistan	Turnover	78.3	62.5		Import	8.3	
	Export	38.3	30.3	People's Republic of the Congo	Turnover	9.3	4.0
	Import	42.0	32.0		Export	3.6	2.9
Saudi Arabia	Turnover	7.6	37.3		Import	3.7	1.1
	Export	7.6	6.7	Liberia	Turnover	2.3	1.5
	Import	-	30.6		Export	1.3	1.4
Singapore	Turnover	42.1	49.2		Import	1.0	0.1
	Export	3.4	3.7	Libya	Turnover	320.1	681.0
	Import	38.7	39.5		Export	23.3	130.6
Syria	Turnover	239.9	275.4		Import	286.9	550.4
	Export	62.8	104.6	Morocco	Turnover	68.5	107.0
	Import	170.1	170.6		Export	49.1	81.4
Thailand	Turnover	108.2	24.4		Import	49.4	25.6
	Export	4.4	4.3	Mozambique	Turnover	27.2	44.8
	Import	103.8	20.1		Export	20.8	44.7
Turkey	Turnover	127.8	94.7		Import	6.4	0.1
	Export	70.6	52.5				
	Import	51.2	42.2				



Countries		January - June		Countries		January - June	
		1982	1983			1982	1983
Nigeria	Turnover	137.1	214.5	Colombia	Turnover	10.9	7.9
	Export	132.4	166.6		Export	2.3	0.8
	Import	4.7	47.9		Import	8.6	7.1
Sudan	Turnover	0	16.1	Cuba	Turnover	3753.7	3915.1
	Export	0	0.4		Export	1547.0	1768.7
	Import	0	15.7		Import	2206.7	2146.4
Serra Leone	Turnover	8.2	0.3	Mexico	Turnover	13.8	5.1
	Export	4.3	0.3		Export	3.8	1.1
	Import	7.0	0		Import	10.0	4.0
Tanzania	Turnover	5.5	2.6	Nicaragua	Turnover	27.5	29.8
	Export	2.0	1.4		Export	21.7	23.8
	Import	3.3	1.2		Import	5.8	6.3
Tunisia	Turnover	5.5	4.8	Panama	Turnover	7.4	4.2
	Export	2.5	3.8		Export	7.4	4.2
	Import	2.9	1.0		Import	-	-
Ethiopia	Turnover	81.3	92.9	Peru	Turnover	12.3	10.9
	Export	70.7	83.9		Export	10.4	3.2
	Import	5.6	9.0		Import	1.9	7.7
AMERICAS:				United States of America	Turnover	1747.3	1010.1
Argentina	Turnover	854.9	812.8		Export	78.7	132.0
	Export	15.4	14.7		Import	1671.6	878.1
	Import	839.3	798.1	Uruguay	Turnover	42.4	36.5
Bolivia	Turnover	11.2	8.0		Export	0.4	0.6
	Export	1.2	0.4		Import	42.0	35.9
	Import	10.0	7.6	AUSTRALIA AND OCEANIA:			
Brazil	Turnover	364.7	286.8	Australia	Turnover	417.3	281.3
	Export	88.8	8.8		Export	6.1	3.0
	Import	275.2	281.0		Import	411.2	278.3
Canada	Turnover	567.2	669.7	New Zealand	Turnover	168.2	108.1
	Export	13.7	18.6		Export	2.6	0.6
	Import	554.2	651.1		Import	165.6	107.5

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CSO: 1812/12

## USSR WORLD TRADE

### FOREIGN TRADE OFFICIAL REVIEWS EXTENT OF TRADE

Moscow SOVETSKAYA TORGOVLYA in Russian 4 Aug 83 p 2

[Article by G. Zhuravlev, USSR First Deputy Minister of Foreign Trade:  
"Trade -- An Instrument of Peace"]

[Text] The Soviet Union has come forth consistently in favor of the development of mutually advantageous business cooperation with all countries irrespective of their social system. That was re-emphasized by General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet Yu. V. Andropov in his message to the readers of his book, which was published by the West German Pal-Rugenstein Publishing House (Cologne). "All the thoughts of the Soviet nation and its leadership," Yu. V. Andropov writes, "can be summarized as the simple and natural desire to engage in peaceful labor, to live in harmony with other nations, to find a common language with them. . . ."

The strategic line in the area of the long-range economic development of the USSR was worked out by the 26th CPSU Congress. Subsequently it was developed and supplemented by the decisions of the subsequent Plenums of our party's Central Committee, particularly the May and November 1982 and June 1983 Plenums of the CPSU Central Committee.

After the 26th CPSU Congress a large amount of work was done to fulfill the economic and social tasks that had been posed for the country. As during all the previous stages of our social construction, an important role in their resolution was given to foreign trade. During the first two years of the five-year plan, Soviet foreign-trade turnover increased by 27 percent as compared with 1980 and last year reached 119.6 billion rubles. Export came to 63.2 billion rubles, and import to 56.4 billion rubles.

At the present time the Soviet Union trades with 143 countries. As has been the case previously, the highest rates of development have been noted in the economic-trade cooperation with the socialist countries. In 1982 the volume of trade with them increased, as compared with 1981, by 12.1 percent and reached 64.9 billion rubles, and their share in the overall commodity turnover of the USSR increased from 52.8 percent in 1981 to 54.3 percent.

In the relations with the CEMA member countries, the basic attention is devoted to implementing an extensive series of integrational measures, and

the concentration of efforts in the chief areas of scientific-technical progress, including such areas as the creation of technology that economizes on energy, materials, and labor, and means of automation and mechanization on the basis of the latest scientific achievements.

However, life requires not simply the expansion of the cooperation among the socialist countries. At the June Plenum of the CPSU Central Committee it was emphasized that the Soviet Union is striving for a qualitatively new level of economic integration. Without that integration it is already impossible today to imagine the life of the countries in the socialist community. And in the long-range view, integration will become increasingly profound, more all-encompassing and more effective, reliably guaranteeing the reinforcement of of the national economies of the participating countries.

One of the fundamental features of the modern world is the increasing role of the developing countries of Asia, Africa, and Latin America which have been liberated from colonial and semicolonial dependence. The Soviet Union has consistently conducted a course aimed at the mutually advantageous cooperation with those countries, with the complete respect for their sovereignty and for noninterference in their affairs. We are currently trading with 101 developing countries. The total volume of trade with them last year came to 16.9 billion rubles. That constitutes 14 percent of the total foreign-trade turnover of the USSR.

The country that has become our largest trade partner in recent years is India. In its turn, the Soviet Union is the largest trade partner of that country. The commodity turnover with India in 1982 reached 2.5 billion rubles.

Substantial volumes were achieved last year in the Soviet Union's commodity turnover with Syria, Libya, Brazil, Argentina, Nigeria, Malaysia, Ethiopia, and other countries.

The rendering of assistance and aid to the developing countries in their struggle to overcome their economic backwardness and to reorganize their international economic relations on a just and democratic basis is the fundamental policy of our country.

Our economic-trade relations with the industrially developed capitalist countries in recent years have been carried out in a complicated situation. That situation was created as a result of the increased activity rate of the aggressive forces, primarily in the United States, which have been coming out in favor of breaking off normal relations with the socialist countries. As was indicated in the joint statement adopted at the meeting in Moscow of the leading party and state figures from the seven socialist countries, which meeting was held on 28 June 1983, on the part of the aggressive forces one has noted "the increased frequency of their attempts at interference in the internal affairs of the socialist countries, and of many other countries; the mutually advantageous economic ties are being disrupted; hostile campaigns are being launched against the socialist countries; and other methods of pressure are being employed."

Under these conditions our government, true to the Leninist policy of peaceful coexistence, is continuing to follow the course that is aimed at the

development of stable, mutually advantageous economic ties with those Western countries which show an interest in this and which answer in a reciprocal manner.

Despite the existing difficulties, the volume and structure of our trade with Western countries have not only been preserved, but have even expanded. In 1982 the commodity turnover with this group of countries reached 37.7 billion rubles, increasing by 19.3 percent as compared with 1980. The capitalist countries currently occupy almost one-third of the total foreign-trade turnover of the Soviet Union.

We are developing stable economic-trade ties with the Western European countries, the share of which is approximately 80 percent of the total trade volume of the USSR with the industrially developed capitalist countries. The country that is the largest trade partner of the USSR among the Western countries is the Federal Republic of Germany [West Germany]. Since the beginning of the 1970's our commodity turnover with West Germany increased by more than 10 times. Last year it reached 6.6 billion rubles. In cooperation with West German firms we have carried out and are now carrying out a number of important industrial projects, including those on a compensational basis.

We place a positive evaluation on the statements that were made during an official visit to our country by the West German Federal Chancellor H. Kohl and Federal Vice-Chancellor, West German Minister of Foreign Affairs H.-D. Genscher concerning the interest that the West German side has in further long-range cooperation with our country. We hope that those statements will find their confirmation in concrete statements of understanding. We are ready for that cooperation.

Soviet-Finnish economic ties are developing favorably. The commodity turnover with Finland is characterized by a stable tendency toward growth and last year came to more than 5 billion rubles. There has been an expansion not only in reciprocal trade, but also in the cooperation in the construction of industrial projects.

In June 1983, during a visit to the USSR by President of the Finnish Republic M. Koivisto, there was a broad exchange of opinions with regard to questions of the status and further development of the economic-trade cooperation between the two countries. A Protocol governing cooperation between the USSR and Finland in the area of agriculture and the production of foodstuffs was signed. That protocol serves as an amendment to the long-term program for the development and deepening of the economic-trade, industrial, and scientific-technical cooperation between the two countries until 1995.

We are continuing to develop our business cooperation with France. There has been successful fulfillment of the intergovernmental agreements, and the commodity turnover between the two countries is being maintained at a high level, although in 1982 that turnover was somewhat reduced. Recently a number of new major agreements and contracts have been concluded with French firms. The fulfillment of those agreements and contracts can promote the deepening of Soviet-French economic-trade ties. This gives an even more strange appearance to the unfriendly actions that have been undertaken by the French side, which have complicated the development of bilateral



The foreign-economic ties of the USSR with such countries as Austria, Belgium, the Netherlands, Greece, Denmark, Norway, Sweden, Switzerland, and a number of other Western European countries, are developing, on the whole, successfully. We continue to be an important and definitely positive step the adoption by the Australian government of a decision to restore the cooperation with the Soviet Union in a number of areas.

The lack of progress in many aspects of Soviet-American relations also has a reflection upon the status of the economic-trade ties between the USSR and the United States. If one takes recent years and traces the development during that period of the trade between our countries, one can note that one observes here a complete stagnation. The commodity that constituted the basic share in Soviet-American commodity turnover was grain shipments from the United States. In the final analysis it is not so much a matter of the volume of reciprocal trade, as a matter of the kind of atmosphere in which it develops. The embargoes and sanctions that were imposed by the former and current U.S. presidents caused considerable damage to the trade between the two countries, to American businessmen, and to their Western European associates, and seriously poisoned the atmosphere of trust in the business world.

The Soviet Union -- and this has been confirmed by history -- has been subjected, not just once and not just twice, to all kinds of "sanctions" and blockades. All kinds of campaigns have been organized against it, including "crusades." The result was always the same: our country, relying upon its powerful potential, overcame all those obstacles on the path of its development. And the ones who proved to be the losers were those who imposed the sanctions, who issued the calls for those campaigns, who established those blockades and boycotts. As for the Soviet side, it took and will continue to take prompt and effective measures to protect its own interests.

This does not mean that we have put all the American firms on a blacklist and do not want to have anything else to do with the United States. We take a respectful and attentive attitude to the efforts of those American companies which, despite the difficulties, are striving for the development of normal trade ties with our country. A reflection of the continuing interest that American business has in trade with us was the successful conducting in Moscow in November 1982, after a four-year interruption, of a session of the members of the U.S.-Soviet Trade and Economic Council, in which approximately 500 prominent representatives from the business circles of the two countries took part.

We continue to be in favor of economic-trade cooperation with the United States. But it is that kind of cooperation which would be based on equality, mutual advantage, the observance of contractual obligations, the rejection of discrimination, and upon the rejection of a policy of tying questions of reciprocal trade to problems that do not pertain to that reciprocal trade.

In recent years there has been a slowing down of the development of our trade relations with Great Britain and Japan, as a result of the fact that those countries have been following the American policy of sanctions. But this year, it seems to us, in both of those countries there has been an intensification of the striving for a more constructive approach to the economic-trade ties



with the USSR. It would seem that the business cooperation between the Soviet Union and Japan could develop more successfully if that country would carry out a more realistic and more constructive policy with respect to trade with the USSR.

Foreign-economic ties are an organic component of the Soviet Union's foreign policy, which is aimed at the reinforcement of the socialist community, at promoting the development of the economy for the consolidation and economic independence of the developing countries, at the maintaining of the principles of peaceful coexistence, and at the reinforcement of the process of detente in relations with the capitalist countries.

Lenin's instruction concerning the need to use the trade ties with foreign countries as an active instrument for the confirmation of the peaceful principles in international life finds constant embodiment in the activities of our party and our country.

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CSO: 1825/78

## EAST-WEST TRADE RELATIONS VIEWED

Moscow MOSCOW NEWS in English No 37, 18-25 Sep 83 p 5

[Article by Alexander Belchuk: "The USSR on World Markets. Principles and Practice"]

[Text]

Foreign economic ties have now become one of the principal factors of economic growth for the majority of countries of the world. Throughout the postwar period the system of international economic relations has perhaps never been in such a dramatic and critical state as at present.

The 1970s and early 1980s witnessed significantly lower rates of economic growth as compared with the 1950s and 1960s, along with a rise in the dangerous trends of increasing protectionism. If these tendencies develop into a large-scale trade war, as was the case in the 1930s, this will have very grave consequences on the world economy. Subsequent development will largely depend on the shape in which the world emerges from this critical phase.

Along with this, foreign economic relations have an increasingly bigger part to play in light of the global problems humanity has faced in the last quarter of the 20th century. Such problems are those of raw materials, energy, food, ecology, exploration of outer space, and the use of the resources of the world oceans. By their very nature, they are global problems and, as such, can be solved only by the joint efforts of many countries.

In the Soviet Union, the development of the country's foreign economic relations, including those with the West, is not seen as some temporary, tactical slogan born of transient considerations. This is our long-term policy. This is clearly stated in the decisions of many Congresses of the CPSU and in statements by Soviet leaders.

In the 1970s, a task was set in the USSR to make ever more intensive

use of foreign economic ties as a factor in raising the effectiveness of the Soviet economy. For instance, the Report of the CPSU Central Committee to the 25th Party Congress (1976) said: "A specific feature of our times is the growing utilization of the international division of labour for the development of each country, regardless of its wealth and economic level. Like the other countries, we strive to use the advantages of foreign economic relations to utilize additional possibilities for the successful fulfilment of economic tasks and saving time, for enhancing production efficiency and speeding up scientific and technical progress."

## TRENDS IN SOVIET TRADE

The growth rates of the USSR's foreign trade turnover and other forms of foreign economic relations in the 1970s and early 1980s visibly surpassed the growth rates of the country's national income. In the 1970s, roughly 15 per cent of the newly-installed equipment (in 1982, about 10 per cent) was obtained through imports, including the chemical, automotive, and food industries, sea transport, and light industry. Imports account for a part of the consumer goods fund and greater variety in food products.

On the other hand, an ever growing number of enterprises in the USSR are beginning to work for export. This refers not only to such branches as oil extraction, refining, gas, timber, and the production of non-ferrous metals and cotton, but also, at an ever increasing pace, to the production of finished goods: machines and equipment, watches, cameras, etc.

For all that, it must be emphasized that, as compared with domestic production and investments, the volume of Soviet foreign trade purchases and sales continues to be relatively modest. The USSR is a vast country with great natural resources and a modern economy. No matter how successfully foreign economic relations may develop, they are an auxiliary element in the Soviet national economy. In the future, too, the main tasks of scientific and technical progress will be solved by our own efforts.

## **CMEA IN FIRST PLACE**

Central to the USSR's foreign trade are the socialist states, primarily countries affiliated through the Council for Mutual Economic Assistance (CMEA).

The USSR mainly exports two major categories of goods to the CMEA countries: machines and equipment, fuel and raw materials. Mutual deliveries are carried out in the framework of five-year and annual plans. The key economic problems, including fuel, raw materials, food, and transport, are solved in accordance with the Comprehensive Programme for Socialist Economic Integration of the CMEA Countries.

In the 1970s, the fuel and raw materials problem acquired particular significance for the CMEA countries. Through purchases from the USSR, the CMEA partners meet roughly four fifths of all their import requirements in this sphere, including oil and oil products, electricity, gas, iron and manganese ore, timber, cotton, etc. It should be borne in mind that throughout the 1970s and early 1980s within the CMEA the prices for energy resources and raw materials were considerably lower than world prices, which made it much easier for these countries to adapt to the new conditions that arose in connection with a sharp increase in fuel prices with the outbreak of the energy crisis.

On the other hand, the CMEA member countries are the main suppliers of equipment to the USSR. Their share comprises roughly two-thirds of the Soviet import of equipment. At the same time, the Soviet Union is, for these countries, the principal market for their consumer goods, especially textiles, footwear, and furniture, and also fruit and vegetables.

The policy of reaching joint solutions to problems of foreign economic relations and economy in general is

the main feature of the CMEA countries' foreign economic policy, which is a particularly important factor in the present complicated political and economic situation in the world.

## **DEVELOPING COUNTRIES - AN EQUAL, PARTNER**

Strengthening economic cooperation with the Third World, the Soviet Union renders considerable assistance to the young countries in laying the foundations of modern industry, helps them expand their export markets, and supports their desire for the restructuring of the system of international economic relations on an equitable basis. By way of purchases in the developing countries the USSR partially or fully covers its import requirements for such goods as tin, natural rubber, bauxites, phosphates, coffee, cocoa beans, bananas, oranges, cereals, wheat, oil-bearing seeds, and hard timber. The import of industrial goods, especially textiles, footwear, and articles of artistic crafts, has likewise been expanding.

As to Soviet export to these regions, it mainly consists of industrial equipment, primarily complete plants.

In assessing the Soviet Union's contribution to the economic development of the young countries, it should be borne in mind that Soviet economic assistance is concentrated in branches that are of key importance to these countries: the power and metallurgical industries, irrigation and training of technical personnel. Moreover, the enterprises built with Soviet assistance become the full property of these countries. The payment for Soviet participation is done, as a rule, not in freely convertible currency but in goods of traditional export, which is advantageous for the developing countries.

## **COLD WAR WINDS**

Lately, East-West economic relations, especially those of the USSR with the West, have drawn considerable attention. The reason for this is the transformation of these relations into an object of active political interference on the part of the right-wing circles of imperialist countries. As a result, marked changes were wrought in the trends of the 1970s - a period when, under the impact of a general improvement in the international situation, economic relations were intensively developing between

East and West, and new forms of cooperation were becoming widespread. At the beginning of the present decade, the situation looked different. Trade between the two groups of countries declined in 1981 and this trend continued into 1982.

What was the reason?

A number of negative processes in the world economy and politics have had their effect on relations between East and West. Specifically, because of the crisis phenomena in the West the demand for some export goods of the socialist countries declined, and competition on the world markets sharpened. The steep rise in interest rates in 1981-1982 markedly increased the cost of international credit, an inalienable element of trade.

However, it's doubtless that the main damage to these relations was done by political factors. The root cause of this is Washington's hegemonistic ambitions, its claims to world leadership, and its increasingly more avowed anti-communist and anti-socialist stand. In this respect, the events of the early 1980s go beyond the framework of the zigzags in American policy, quite a few of which could also be found in previous years.

## **SANCTIONS ARE A HOPELESS AFFAIR, BUT...**

The change in the West's relations, primarily the USA's, to economic ties with the USSR and other socialist countries, commenced under the Carter administration, but it came to a head under the Reagan government. The policy of discrimination was focused on three spheres: the Siberia-Western Europe gas pipeline, the transfer of technology, and credit restrictions.

As regards the gas pipeline, the situation is already clear: Washington's decision to prohibit American firms, including their subsidiaries in Western Europe, from taking part in equipment deliveries for the construction of the gas pipeline in the USSR sparked such sharp protests everywhere that the Reagan administration has had to cancel its sanctions. But in two other spheres the situation is different. Under US pressure, the Consultative Group Cooperation Committee - an agency of the NATO countries, set up way back in the late 1940s to control the sale of "strategic" goods to socialist countries - stepped up its activities. And in the spring of 1982, the Common Market introduced restrictions on the import of several dozen

goods from the CMEA countries. In 1981-1982, discrimination practices were widely applied to credit relations.

These tendencies were also confirmed at the meeting of the Big Seven in Williamsburg, where the leaders of the West European countries and Japan, pressured by the USA, agreed to link trade and economic relations between East and West to the "security interests" of the NATO countries.

A trade blockade and the fold up of scientific and technical ties are by far not new methods of struggle against the socialist states. The hopelessness of this was repeatedly admitted in the West. Nevertheless, some politicians have tried to use them again and again in the hope of arresting the economic growth of the USSR and other CMEA countries. This policy is based on exaggerated notions concerning the role of Western technology in the development of the Soviet economy. But it is common knowledge that a trade blockade was incapable of hampering the development of the USSR's economy even in the first years of Soviet power. Such methods have even less chances of success now that the CMEA countries possess a powerful economic potential.

On the other hand, the policy of sanctions has introduced elements of instability, mistrust and insecurity in trade relations, to say nothing of the fact that the entire atmosphere of mutual relations is generally being poisoned. Fearing unpredictable complications, some Western firms abstained from concluding contracts with organizations of the socialist countries even on products that did not fall under restrictive measures. At the same time, credit restrictions compelled many socialist countries to cut down imports from the West.

In this way, the early 1980s have seen contradictory tendencies in economic relations between the capitalist and socialist countries. The cold war winds have, undoubtedly, done no small harm to these relations. On the other hand, it is obvious that economic contacts between East and West have already become an important factor in relations between the two groups of countries, and the line towards their fold-up is meeting with legitimate opposition in many countries in the West.

stand on the development of mutually advantageous economic relations with the West, first and foremost those countries which have shown due concern for this. After all, there can be no denying that the West benefits substantially from economic ties with the USSR and the CMEA countries as a whole. Soviet contracts provide jobs for an estimated nearly two million people. In most cases, Soviet export does not act as a rival to local production. For a number of important products, notably gas, oil and oil products, cotton, some non-ferrous metals, asbestos, etc., the Western countries have been able to diversify their supply sources thanks to purchases from the USSR. The markets of the socialist countries are influenced to a much lesser degree by the fluctuations in the business situation and inflation than is the world market. The stability of relations is high. History has not known of a single case when the Soviet Union did not fulfil its commercial contracts due to political considerations.

Lastly, international economic ties, especially those between East and West, play an important political role. These relations constitute an economic basis for the policy of peaceful coexistence.

### STABLE COOPERATION IN THE INTERESTS OF ALL

The USSR has taken a consistent

### VOLUME OF THE USSR'S FOREIGN TRADE BY GROUPS OF COUNTRIES (1,000 million roubles)

	1970	1980	1982
<b>Total</b>			
Turnover	22.1	84.1	119.6
Export	11.3	49.6	63.2
Import	10.6	44.5	56.4
<b>Socialist countries</b>			
Turnover	14.4	50.6	65.0
Export	7.3	26.9	34.2
Import	6.9	23.7	30.8
<b>Industrialized capitalist countries</b>			
Turnover	4.7	31.5	37.7
Export	2.2	15.6	18.8
Import	2.5	15.7	18.9
<b>Developing countries</b>			
Turnover	3.0	12.0	16.9
Export	1.8	6.9	10.2
Import	1.2	5.1	6.7

CSO: 1812/270



**SOVIET IMPORTS OF TRANSPORTATION, ENERGY-PROCESSING EQUIPMENT**

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**[Article by Stanislav Volchkov, general director of V/O Machinoimport, member of the Collegium of the USSR Ministry of Foreign Trade]**

**[Text]**

In October 1983 the All-Union Foreign Trade Association Machinoimport marks the 50th anniversary of its commercial activity, reflecting the multifarious work of the entire staff on implementing the Soviet state's foreign economic policy. From the first days of its formation Machinoimport has helped outfit the Soviet Union's major projects with the latest equipment and machinery. The first purchases were electrical engineering products and transport mechanisms. As the Association advanced the range of the imported equipment became wider. In the 1940s it included mining, metallurgical, electrical engineering, power engineering equipment, lifting-and-conveying machines and also merchant, fishing ships and tugs, timber carriers and tankers, dredges and floating cranes.

Many electric power stations constructed under the GOELRO plan (State Plan for the Electrification of Russia) were fitted out with power engineering equipment supplied under Machinoimport's contracts.

In the pre-war years the Association imported equipment for large machine-building factories in the Urals, Moscow, Leningrad and the Ukraine, motor works in Moscow and Gorky, iron-and-steel plants in Magnitogorsk, Orsk, Kuznetsk and Makeevka, coal-dressing factories and non-ferrous metal works, tractor and aircraft factories. These deliveries assisted the national economy to achieve high growth rates and made it possible to gain time as against the time-limits needed for mastering the production of this equipment at Soviet factories.



The Soviet state's policy aimed at accelerated development of its own machine-building industry from rational import resulted in the fact that already in the pre-war years the Soviet Union took the first place in Europe in manufacturing machinery and engineering products and assured its engineering and economic independence.

World War II (1941-1945) required the restructuring of Machinimport's activity on providing military production and meeting the particular needs of the national economy. At that period the volume of the Association's foreign trade operations increased. Equipment was supplied for blast and open-hearth furnaces, coke-oven batteries and rolling mills. Also were imported excavators, drilling rigs, the first complete oil refineries, oil-demineralizing and dewatering installations, etc.

In the postwar period the Association's import operations actively helped restore many major sectors of the USSR's economy such as metallurgy, power engineering, fuel, machine-building as well as railway and other types of transport.

With the formation of the world socialist system a new stage in Machinimport's commercial activity began. The socialist countries' share in the Association's trade turnover considerably surpassed the volume of purchases from the industrial capitalist countries. This became possible thanks to the socialist countries' rapid strengthening of economy and development of industrial potential.

The expansion of economic ties with the socialist community countries based on long-term intergovernmental agreements on mutual goods deliveries promoted stable business contacts with many foreign trade organizations in these countries.

The share of the socialist countries in the Association's trade turnover over the last decade exceeds 80 per cent; in the import the share of the GDR is about 27 per cent, Bulgaria—26 per cent, Czechoslovakia—14 per cent, Poland—13 per cent, Romania—12 per cent, Yugoslavia—5 per cent and Hungary—3 per cent. On the average under Machinimport's contracts one-fourth (in cost value) of the Soviet total machinery and equipment imports is annually supplied from the socialist countries.

The development of the international socialist division of labour, deepening of the CMEA member-countries' specialization and cooperation in production

build the foundation and form the prerequisites for socialist economic integration making it possible to fruitfully develop the countries' national economies and promote a more rational and efficient utilization of natural, economic and manpower resources in national interests and those of the whole socialist community.

Machinoimport makes a ponderable contribution to cooperation based on agreements on production, specialization and cooperation in manufacturing industries. In the deliveries of machinery and equipment imported by the Association from the socialist countries the portion of special-purpose products is ever increasing and in the current year will reach 78 per cent. For the 1981-1986 period Machinoimport is to implement 41 agreements on specialization and cooperation in production which concern practically all CMEA member-countries.

Machinoimport has stable business contacts with the socialist countries' foreign trade organizations such as: Balkancarimpex, Electroimpex, Isotimpex, Technoexportstroy (Bulgaria); HSCF<sup>1</sup>, NIKEX, Ganz Mávag (Hungary); Elektrotechnik, Technocommerz, Maschinen-Export, Schienenfahrzeuge (GDR); Elektrim, Bumar and Kolmex (Poland); Industrial export-import and Electro-export-import (Romania); Pragoinvest, Skodaexport, Technoexport and Strojexport (Czechoslovakia) and Energoinvest and Rade Končar (Yugoslavia).

On account of agreements on specialization and cooperation in production these foreign trade organizations, under Machinoimport's contracts, supply the Soviet Union with freight and passenger cars, diesel locomotives, hydro-engineering equipment, industrial fittings, equipment for drilling and extracting oil and gas, locomotive and gantry cranes, oil-refining equipment, electric motors, gas turbine installations, compressors and pumps, low-voltage and high-voltage electrical equipment, truck loaders, crane trucks, steam turbines and other equipment.

In line with the Comprehensive Programme for the Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration of the CMEA member-countries Machinoimport carries out work on realization of the intergovernmental agreements on constructing industrial projects on Soviet territory for which the participating countries supplied equipment in exchange for products

which will be delivered to them after the project is put into operation. The Association began this work in 1974 and at present the deliveries of machinery and equipment for the Kiembayev mining and ore-dressing complex, the Ust-Ilimsk cellulose factory, the Orenburg gas condensate complex, the Soyuz gas pipeline and the Vinnitsa-Albertirsa high-voltage power transmission line are completed. In the eleventh five-year-plan period (1981-1985) equipment is being delivered for the Mozyr factory manufacturing fodder yeast from paraffins and the South-Ukrainian atomic power station.

The Association also undertakes commercial operations on interrelated deliveries of most vital goods specified by the CMEA member-countries' state plans. Under the relevant agreements the Association supplied equipment for developing the production of ferro-alloys, ferriferous raw material, rolled ferrous metals and oil extraction and refining in the USSR. These enterprises' products, in their turn, are shipped to the countries participating in the agreements: Bulgaria, the GDR, Hungary, Czechoslovakia and Romania.

Over many years the Association, along with the import operations, exported mining, electrical engineering, lifting-and-conveying equipment, marine diesel motors, diesel-generators and railway rolling-stock including steam locomotives. With the setting up of new All-Union Foreign Trade Associations Sudoimport, Machinoexport, Techmasheexport and Energomachexport the export operations were transferred to these organizations.

Since 1966 Machinoimport has concentrated on import operations. Only since 1979 has it been handling the export to the socialist countries of completing equipment for railway rolling stock purchased by the Soviet Union from the GDR, Poland, Romania and Hungary.

Railway rolling-stock has been the Association's major import item in all the years of its activity. For many decades now the Association has been importing electric locomotives and equipment for traction substations.

In 1956 the Soviet Union adopted a general plan for electrification of railways. In line with this plan the Association purchased 70 electric locomotives, including ten passenger ones, from France and the Federal Republic of Germany. In 1957 Czechoslovakia began to deliver the CS main-line passenger electric locomotives.

tives to the USSR. These electric locomotives were constantly improved. This year the first eight-axial AC passenger locomotives assuring a speed of 150 km/h at prolonged gradient sections are to be tested.

On the occasion of the 25th anniversary of Soviet and Czechoslovak specialists' fruitful cooperation the year 1982 was ceremonially marked by the delivery of the Czechoslovak 2,000th electric locomotive.

Since 1949 the Association has bought from the GDR and Czechoslovakia 1,420 industrial electric locomotives and truck tractive units for large enterprises in the mining, metallurgical and coal industries. At present on the basis of modernization of the EL type mine electric locomotives 200 of them are to be supplied to the USSR annually by the GDR. At the same time the EL-21 thyristor controlled industrial electric locomotives with more powerful rheostatic braking are being designed and tested. Since 1964 Czechoslovakia has been delivering the CME-3 shunting diesel locomotives, the total number of which exceeded 4,000 machines, thus composing more than half of the fleet of the shunting diesel locomotives in the Soviet Union.

In the 1960s and 1970s the wide development of gas and oil fields in Siberia and the Extreme North of our country began. Due to this, large-scale construction of pipelines and enterprises of the oil, gas and chemical industries was undertaken. That is why in 1965 the Association stopped purchasing individual units for oil-refining, gasoline reforming and diesel fuel hydrofining installations and began to buy complete oil-refining plants from the socialist and capitalist countries. Over this period Czechoslovakia supplied 14 complete catalytic gasoline reforming installations (productivity 600,000 and one million tons of high-octane gasoline per year) and eleven diesel fuel hydrofining installations (productivity 1.2 and two million tons per year). These complete installations were designed on the basis of Soviet technical documentation. Thanks to these deliveries the capacity of the petroleum refining industry for the secondary oil-refining processes was increased by 27 million tons.

During the same period the GDR delivered 16 complete gasoline catalytic reforming installations and two diesel fuel hydrofining installations (productivity 1.2 million tons each).

Since 1972 the GDR has delivered 12 complete primary oil-refining installations with the ELOU-



AVT-6 electric demineralizing plants (annual productivity six million tons of oil each).

In 1978 the Soviet industry received from the GDR ten Parex complete installations (productivity 120,000 tons of normal paraffins per year) used for manufacturing protein-vitamin preparations and also more than 30 installations for collecting and preparing oil.

For more than 20 years the Association has been importing oil—extracting equipment from the foreign trade organization. Industrialexportimport of Romania.

In the ninth five-year-plan period (1970-1975) the Soviet Union widely developed the gas extracting and gas-processing industries. The oil and gas construction programme envisages further growth of the work volume, its shifting to the northern regions of West Siberia; it is one of the most important links in the long-term power engineering programme.

In the 1970s Czechoslovakia started delivering regularly Ladoga and then Avrora gas-pumping plants manufactured under the Soviet technical documentation to the USSR.

In 1978 Machinoexport imported eight complete vertical suction pumps for the Siberian trunk gas pipelines.

The country's largest trunk gas pipelines supplying products to Soviet and foreign users are: Saratov-Moscow; Dashava-Kiev; Orenburg-Novoposkov; the Soyuz pipeline; Urengoi-Gryazovets-MOK<sup>2</sup>; Bukhara-Centre; Urengoi-Petrovsk; Urengoi-Novoposkov, and Urengoi-Chelyabinsk which, besides Soviet equipment, were outfitted with gas-pumping equipment and line facilities supplied under Machinoimport's contracts with firms in Great Britain, Italy, France and the FRG.

Equipment deliveries for constructing the Ust-Balyk-Ufa-Almetyevsk, Aleksandrovskoye-Anzhero-Sudzhensk, Ust-Balyk-Omsk and Kholmogory-Centre were not less efficient.

Over the 1981-1985 period it is planned to complete the work volume surpassing the indices achieved during the previous fifteen years and the country's gas consumption in the next decade will double. For the first time in the world a multiple system of transcontinental trunk lines in a single lane (internal pipe pressure 100-120 atm) is under construction in the Soviet Union.

In this connection Machinoimport in 1981 and 1982 carried out much work on placing orders and organizing timely equipment deliveries from the FRG, Japan,



Great Britain, France and Italy for the Urengoi-Uzhgorod gas pipeline designed for transporting more than 30,000 million cubic metres of gas per year. Excavators and cranes, 25 MW gas turbine units, gas pipeline accessories, purifying devices and other equipment are being imported for the construction of this gas pipeline.

This difficult work was successfully completed despite the embargo introduced by the US Administration. The export gas pipeline will be commissioned within the scheduled time-limits.

Complete equipment for the oil, gas and petroleum-refining industries is delivered not only from the socialist countries but also from the industrial capitalist states.

Between 1965 and 1983 France delivered three natural gasoline extraction plants and a set of equipment for the Orenburg gas condensate field (total productivity 45,000 million cubic metres of natural gas per year), installations for natural gas desiccation at the Medvezhye field and for the Soyuz gas pipeline. These projects were put into operation. Due to the development of the Astrakhan gas condensate complex a gas processing plant for purifying natural gas and obtaining high-quality sulphur and gas condensate (productivity 6,000 million cubic metres of natural gas per year) was purchased.

The USSR Ministry of Oil Industry ordered and received 19 Unioflax type furnaces for preparing stock tank oil for shipping and a set of equipment for the gas-lift oil extraction at the Samotlor and Fyodorovka oil-fields in West Siberia thanks to which the operation of boreholes will assure an optimum automated regime.

Over the 1966-1983 period France supplied a great number of complete installations for the USSR Ministry of Oil-refining and Petrochemical industry. Among them are installations for catalytic gasoline reforming and hydrofining diesel fuel, for hydrocracking and also for manufacturing paraffin and calcinating oil coke.

Most powerful and perfect installations, assuring the output of three million tons of high-quality petroleum products per year, were supplied for the Novoufimsky oil refinery.

The English firm Petrocarbon delivered, under Machinoimport's contracts, complete installations manufacturing sulphonate additives for automobile and

diesel motor oils prolonging the life of engines and oils to the Volgograd and Omsk oil-refining complexes.

Tarmac, an English firm, supplied the Omsk petroleum-refining complex with a complete installation producing lithia lubricants (productivity 5,000 tons per year).

Machinoimport imported natural gasoline extraction plants processing casing-head gases which reduce casing-head gas losses and increase the output of high-purity hydrocarbons, a valuable raw material for synthetic rubber factories and other industries.

Four installations for calcinating oil coke (productivity 140,000 tons per year) used for manufacturing electrodes for smelting aluminium and copper, were received from the FRG and put into operation.

In Surgut, Belozerny and Nizhnevartovsk highly-productive gas-processing factories supplied from Japan are operating. Their raw materials are casing-head gases which before were burnt in torches at West Siberian oil-fields. These factories ensure the production of additional millions of tons of propane, butane and other products utilized in the chemical industry. In the post-war years rapid development of the mining industry, especially open-cast mining of minerals, required highly productive continuous-acting stripping equipment.

At that period the home industry could not ensure the ever-increasing stripping volume that is why between 1956 and 1968 Machinoimport bought from the GDR, Czechoslovakia and the Federal Republic of Germany stripping equipment with a total productivity of 220 million cubic metres of overburden rock a year, which made it possible within a short period of time to put into operation a number of large opencast collieries for the production of minerals and building materials.

The designing and construction of new quarries to produce iron ore, manganese, sulphur and other minerals was based, as a rule, on the technological principle of open workings using the continuous operating equipment.

The Soviet Union imported 12 stripping complexes comprising a bucket-wheel excavator (productivity 7,200 cubic metres per hour), a spreader (productivity 8,800 cubic metres) with a 150 m console, and belt conveyer systems.

The purchased stripping equipment made it possible not only to reduce extraction costs but substantially increase labour productivity and made stripping operations fully mechanized.

In the current five-year plan period excavators with bucket capacity from 12.5 to 20 cubic metres are being introduced at new opencast collieries. At the Neryungri opencast mine excavators with 20 cubic-metre buckets purchased by the Association from the Japanese firm Sumitomo take care of fifty per cent of the stripping volume.

Twenty-two excavators with 16 cubic-metre buckets, bought in 1983 from Japan, will increase coking coal output in Kuzbass. They will lift 60 million cubic metres of rock volume per year.

Between 1959 and 1962 the deliveries of equipment for complete coal-dressing factories under Machinoimport's contracts with the French firm Venot Pic, one of the most advanced at that time, greatly assisted in fulfilling tasks for quick introduction of the latest coal-dressing methods in the Soviet coal industry. The commissioning of three coal-dressing factories in Donbass promoted wider dissemination in the USSR of a progressive method of coal-dressing in heavy media.

For coal-dressing production West German firms supplied equipment for the Belovo central dressing factory (Kuzbass) and the West Siberian iron-and-steel works; on the basis of this equipment operational experience coal-dressing factories (capacity 5-8 million tons per year), to be outfitted with Soviet equipment, are being designed now.

Machinoimport has contributed to the development of the chemical industry. This sector received electrical engineering, lifting-and-conveying, power engineering equipment as well as chemically resistant pumps, fans, gas blowers, special facilities and fittings made from high-alloy steels and special alloys designed for high pressures and temperatures.

Over recent years the Association's duties were reduced somewhat due to the setting up of specialized associations dealing with complete equipment import for the chemical industry. However, requirements to technical parameters of pumps and compressors such

as: pressure, explosion risk and high aggressiveness of working medium, have become more stringent.

The import of a wide range of electrical engineering equipment: electric motors, generators, rectifiers, starting equipment, electric welding equipment and electric furnaces, transformers and complete transformer substations, high-voltage testing equipment, diverse low-voltage equipment, etc. take an important place in the Association's activity.

For urban transport the Association imports trams. In 1982 Volgograd ceremoniously celebrated the 10,000th tram-car imported from Czechoslovakia. Development of towns and growth of their population and also development of the technical base set forward new and ever newer demands on improving the tram-cars. A thyristor-impulse controlled tram-car is scheduled for the near future.

The plan for economic and social development of the USSR envisages for the current five-year-plan period and for the period ending in 1990 the all-round introduction of large-scale mechanization and automation of production processes and steady reduction in the number of workers engaged in manual labour in all sectors especially in the auxiliary and transport spheres including loading and unloading operations.

Machinimport has for many years actively participated in accomplishing this important state task by importing various lifting-and-conveying equipment from the socialist and capitalist countries.

It began to supply gantry cranes for equipping sea and river ports even before World War II. As years passed and foreign trade ties expanded, the import of gantry cranes began to increase for loading-unloading operations in the Far Eastern and northern sea ports and those of the Baltic, Black and Caspian seas.

Due to the necessity to augment the sea ports' traffic-carrying capacity highly productive transshipment machines and specialized complexes for new ports being constructed (and for reconstructed ones) were purchased from other countries. In 1973-1975 delivered and in 1978-1979 put into operation were unique specialized complexes at the Vostochny port (Wrangel bay) bought from Japan. This is a transshipment complex (handling capacity five million tons of coal and 800,000 tons of technological chips per year) and also a terminal for transshipping 8,000 to 9,000 large-tonnage containers per year.

Wharf reloading cranes for containers (weight up to 40 tons), automatic container carriers, gantry cranes imported by the Association helped mechanize bulk cargo handling operations in the Soviet ports: Batumi, Zhdanov, Murmansk, Ilychevsk, Nikolayev, Riga, Leningrad, Arkhangelsk and Magadan.

Pneumatic installations for transferring grain from ships to wagons (productivity 300 and 150 tons per hour) bought from the FRG and Japan for the USSR Ministry of Merchant Marine and the Ministry of River Transport of the RSFSR are a certain contribution in accomplishing the tasks set in developing the agro-industrial complex. Hungary and the GDR also supply these large customers with gantry cranes (load capacity 5 to 40 tons), the number of which over the last decade alone exceeded 1,300.

GDR-made locomotive cranes perform emergency operations and are used for various loading and unloading and construction and assembly operations when mounting bridge spans, car retarders, and transformers at traction substations. The USSR Ministry of Railways has already received over 300 such cranes.

The Finnish firm Kone delivers large-tonnage gantry cranes for the Soviet Union's shipbuilding and ship repair enterprises.

Electric telfers received from Bulgaria reduce manual non-mechanized labour. In 1983 the 1,000,000th telfer was delivered.

Since 1959 Bulgaria has been specializing, with Soviet and Czechoslovak technical and financial assistance, in manufacturing floor transport machinery: electric loaders, electrocars and auto loaders. All in all the USSR has received almost 300,000 of them.

Over recent years Machinoimport purchased diesel loaders (load capacity ranging from 1.5 to 30 tons) from Japan, Great Britain, Sweden and Finland for loading-unloading operations on ships, railway wagons and also in the forest industry.

Machinoimport actively participates in implementing the USSR Food Programme by importing machinery and equipment for developing the country's agro-industrial complex: special rolling-stock, electrical engineering equipment, shop floor transport machinery, special loading-unloading facilities, heating boilers for greenhouses, and pumps for watering systems.



The construction of the Baikal-Amur Railway, which will considerably expand and accelerate long-haul freight and passenger transportation and make it possible to open new raw material and industrial resources along 3,500 kilometres of its route, plays a decisive role in further developing Siberia and the Far East where almost three-fourths of the forecasted reserves of the USSR major mineral resources are concentrated. The Association imported great number of cranes, earthmoving and drilling equipment for its construction. Earthmoving and transport equipment was delivered for building the Small Baikal-Amur Railway (Baikal-Amur Railway-Tynda-Berkatit is a railway north of the Trans-Siberian Railway line) and developing the South-Yakutian coal complex.

Construction of the Baikal-Amur Railway is nearing completion. It is still being built and the completed lines are already operating. Building materials, facilities, machinery and equipment are delivered to Neryungri and other towns and settlements in Yakutia and the Far East from the country's industrial regions without transshipment making the freight conveyance to this region much cheaper.

In May 1979 Machinoimport was reorganized into the All-Union Self-Supporting Foreign Trade Association comprising eleven specialized firms: *Elektrotechmash*, *Kranoekskavator*, *Gazhydromash*, *Energosila*, *Promarmatura*, *Podyomtransmash*, *Elektroavtokar*, *Zheldormash*, *Inzhservismash*, *Electrolokomash* and *Gazneftemash*.

In line with its Charter the Association undertakes export-import operations on the Association's range and measures assuring the uninterrupted operation of the machinery imported to the USSR.

Besides purchasing spare parts for new equipment, and for guarantee maintenance, the Association annually, in ever increasing volumes, imports spare parts for equipment now in use. The delivery of spare parts to the centralized supply depots under Gosnab (the USSR State Committee for Material and Technical Supply) has become common practice. Amalgamation of the recipients has made it possible to provide the imported equipment with spare parts more efficiently and quickly. Servicing and maintenance stations are set up by agreement with foreign suppliers. All this activity is, in the main, undertaken by the firm *Inzhservismash*.

Matters concerned with timely putting the supplied equipment into operation, contract supervision work at

start-up projects, training Soviet specialists in foreign countries and in the USSR in the course of assembling, adjusting and putting the equipment into operation, with the receipt of equipment by the customer's specialists at the producer factory, including technical documentation and specifications for the complete sets of equipment, participation in testing industrial prototypes and other undertakings assuring the import of high-quality equipment—all within the contracted time-limits take an important place in the activity of the firms comprising the Association.

Close contacts with industrial branch ministries and departments are of paramount importance for the successful achievement of production targets, for improving specifications, expanding the range of equipment and making it more sophisticated. The Machinoimport's Board includes representatives from major customer ministries. Among them are: the USSR Gosnab, the USSR Ministry of Gas Industry, the USSR Ministry of Railways, the USSR Ministry of Oil-Refining and Petrochemical Industry, the USSR Ministry of the Chemical and Oil Engineering Industry, the USSR Ministry of Merchant Marine, the USSR Ministry of Electrical Engineering Industry, and the USSR Ministry of Oil Industry.

Over the many decades of cooperation, good business relations have been established among Soviet partners. They reflect the customers' high confidence in the experience and executive capabilities of the Association's staff as its traditional method of work. Such contacts assist a more sophisticated and efficient solution of production problems to be found.

The course of the Soviet Government set at expanding foreign economic ties and more effective utilization of possibilities and advantages of the international division of labour is realized in the increased role foreign trade plays in the Soviet economy.

To raise the effectiveness of foreign trade efforts are being exerted to perfect the Association's activity, improve the quality and technical level of equipment purchased and deepen contacts with the Soviet Union's branch ministries, departments, research institutes and planning organizations.

Machinoimport over the past fifty years has contributed to the Soviet people's labour exploits, participated in accomplishing many governmental tasks on developing the USSR's national economy and became one of its largest specialized foreign trade organizations well known in the world.

Machinoimport's commercial activity has many times been complimented by the Soviet Government and the Administration of the USSR Foreign Trade Ministry. In 1980 Machinoimport was presented with the International Gold Mercury Award for its contribution to the development of production and international cooperation.

Machinoimport's staff is ready for the further fulfilment of even more responsible tasks widely utilizing the possibilities of the international division of labour in the interests of peaceful development of all countries and nations.

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<sup>1</sup> Hungarian Shipyards and Crane Factory.

<sup>2</sup> MOK—the Moscow district circular line.

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**CSO: 1812/15**

## USSR-CEMA TRADE

### SOVIET SCHOLAR VIEWS PROSPECTS OF CEMA DEVELOPMENT

Moscow TRUD in Russian 21 Jun 83 p 3

[Interview with Corresponding Member of the USSR Academy of Sciences Yu. S. Shirayev, director of the International Institute of Economic Problems of the World Socialist System of CEMA, by P. Barabas, special correspondent of the trade union newspaper NEPSZAVA (Hungary), and TRUD special correspondent P. Negoitsa: "Looking Into the 1980's"; date and place not specified]

[Text] Corresponding Member of the USSR Academy of Sciences Yu. S. Shirayev, director of the International Institute of Economic Problems of the World Socialist System of CEMA, answers the questions of the special correspondents of TRUD and NEPSZAVA (Hungary).

[Question] For what will the 1980's in the economic development of the CEMA member countries be noteworthy?

[Answer] It seems to me that in recent years the scientific and technical revolution has been developing into an industrial revolution. What do I mean? Not isolated breakthroughs in the area of science and technology, inventions and new processing methods have been occurring before our eyes. Sectors and, in individual countries, the national economy as a whole have been changing. In the Soviet Union, for example, flexible production systems are being introduced. They will be developed in instrument making and the automotive industry. We already have a number of subdivisions which have been changed over to a new technical base. Designing by means of computer equipment is also being introduced in the socialist countries. In other words, a radical change is occurring in the technical base of production. And, very likely, this will lead to the shifting of very many emphases in our economic development. In this connection it is difficult to overestimate the process of the changeover of the national economy of the CEMA countries to the intensive means of development. Why? Take if only the vital question of shortages. As statistics show, many of them are derivatives of one thing--the shortage of new equipment and technology. On the basis of the example of Hungary, which is doing much for energy conservation, the saving of materials and fuel, it is possible to show that the standards of consumption are still high as compared with the ones which are already possible today, if the achievements of world science and technology are taken completely into account.



As General Secretary of the CPSU Central Committee Comrade Yu. V. Andropov noted in his speech at the June (1983) CPSU Central Committee Plenum, the main means to the qualitative change in the productive forces is the changeover to intensive development, the combination in deed of the advantages of our socialist system with the achievements of the scientific and technical revolution, which promises a radical technological change in many spheres of production.

[Question] You have named several, it can be said, global tasks, which the CEMA countries plan to accomplish during the next decade. What role is being assigned in their accomplishment to the cooperation of the socialist countries?

[Answer] In responding to your question, I wish to cite a number of examples. Recently I looked over a selection of new technical decisions in microprocessor engineering, which is, in my opinion, a unique cross-country vehicle of modern production. There are very interesting decisions in individual CEMA countries. And not necessarily in machine building. Take if only the GDR or the same Hungary, where the introduction of these achievements in agriculture, transportation and other sectors is under way. Now it is necessary to solve the problems of microprocessor engineering on a collective basis. The corresponding agreement is already being implemented within CEMA.

Or take computer equipment. If we did not have the corresponding agreement on computers, today we would experience a definite shortage of them. This would also complicate our balances of payments. Successful cooperation has also been organized in the area of atomic engineering, without which it is difficult to solve in the future the problem of power supply in many countries.

While analyzing the achievements of our cooperation, we cannot at the same time divert our attention from the fact that in a number of countries the growth rate of production has slowed. It is clear that it is impossible to increase it by taking a purely wait and see position. It is possible to overcome these problems only by active economic work, which is aimed at the use of the latest achievements of science and technology. By working together, we will be able in the shortest possible time to implement the agreements existing between the CEMA countries and to make substantial progress. I want to immediately forestall the erroneous or deliberately false interpretation of our cooperation by some ideologists of the West.

[Question] Do you mean the assertion that CEMA membership as if is checking the cooperation of each individual country with the western world?

[Answer] Precisely. It is important to expose such assertions, which are aimed at the deliberate misinformation of public opinion. In CEMA each country is absolutely sovereign in the choice of a partner for cooperation. But if we take the recommendations which the International Monetary Fund is giving its members, they, mildly speaking, are simply inconceivable within CEMA. For example, to whom would it occur in CEMA to advise Hungary, what structure of plantings it should have? It is as if in New York it is more obvious than in Hungary itself, which creates this structure of the plantings. Thus, not CEMA, but individual capitalist states and their attempts to persistently interfere in the internal affairs of the socialist states are checking the cooperation of the socialist countries with the West. Just what is the aspiration of the West to interfere in the affairs of Poland worth?



The CEMA member countries have always supported extensive all-European and world-wide cooperation. But everything in this matter does not always depend on us alone.

[Question] What can you say about the present economic situation of the countries of the community?

[Answer] Just recently we had quite great increases of various resources. Now the situation has changed: in the CEMA countries, it can be said, the model of economic development is changing. This process involves certain costs. But there is the possibility on the basis of a planned economy to reduce these costs to a minimum. Today the results of the change of the model are visible in a number of countries. For example, in spite of the difficult conditions, the GDR is maintaining a quite high growth rate. Matters in Bulgaria are proceeding much better, from the point of view of the internal balance. As a whole the CEMA countries are now in a situation, when it is possible to count on the acceleration of the growth rate of the economy. Of course, here one must not expect complete synchronism from all the CEMA member countries. But it is quite obvious that the acceleration of growth in some countries will have a positive effect on economic growth in the other countries. And, of course, the situation characteristic of the West, where today fantastic figures of unused production capacities exist, does not threaten us. For ferrous metallurgy alone there is there an underutilization of 230 million tons. Or take the level of unemployment. In the socialist countries there are no and will be no such costs.

Among the problems of the economic development of the countries of the community during the current 5-year period I would also name the worsening of the conditions of trade with the West and the presence of protectionist barriers, which are preventing individual CEMA countries from paying off their debts, are forcing them to appeal for new credits and, consequently, to increase the spiral of debt. But in passing I would like in this connection to note the following: I personally do not know in the West such countries which would refuse to accept the most modern products. It is a question, apparently, of whether we have them or not. It is possible, of course, to erect barriers for agricultural exports. For example, if the year turned out to be good, to force down the prices for agricultural products. The monopolies operate cunningly in these cases on the international market. But when there are the most advanced technologies in the export assets, here the most cunning barriers break down. From this standpoint it seems to me that if the CEMA countries place the emphasis on new technologies and achieve a technological lead in the sectors where the prerequisites exist for this, many barriers will be eliminated. It is clear that it is possible to accomplish such a task only by collective efforts.

[Question] Perhaps you would cite specific examples of the successful competition of products of the CEMA countries on the world market, in spite of all kinds of restrictions on the part of the West?

[Answer] There are heaps of such examples. If you take the Soviet Union, it is possible to name hundreds of items. They also exist in other countries. For example, Czechoslovakia produces processing centers, which in quality are superior to similar equipment of the most prestigious West European firms. But here there is the following detail. In order to create a sufficiently substantial export resource of technically advanced goods, frequently the potentials of one country are

not enough. Sometimes some CEMA country develops a new technology and produces equipment of world class, but its batch production in this case is limited. There is one solution here: to promptly organize cooperation within CEMA in order to jointly come out with the latest products on a large scale both on the international socialist market and on the western markets.

Unfortunately, we have examples of missed opportunities. At one time the CEMA countries were the first to assimilate new spindleless spinning looms, but did not set up series production in sufficiently large quantities, and therefore the concentrated breakthrough of this product onto the world market did not occur. In general we need all together to learn not only to work for the domestic market, but also to create good export items. For this, obviously, it is necessary to coordinate more closely the export policy of the countries of the community, including their appearances on the western markets. Here it is important not last of all to regulate the direct production ties between our countries and to create for the realization of these ties, as well as for the formation in necessary instances of joint firms the corresponding economic, organizational and legal prerequisites. Here we still need to do much. At the same time the countries of the socialist community need to orient their economic mechanisms more boldly toward technical progress, intensification, as well as the extension of socialist economic integration and the development of cooperation and specialization. So far in some countries it has been difficult at times to find any system of the stimulation, for example, of cooperation. More often you encounter antistimuli. And in some economic mechanisms there are even elements which are frankly indifferent to the processes of integration and cooperation.

In conclusion I wish to say the following. Today in the countries of the community, according to my observances, the most different versions of the solution of similar economic problems are being tested. This is an interesting process. It, of course, will enrich our collective experience. But it is necessary to analyze and evaluate very seriously every experiment according to its end results. It is the dictate of the times to manage economically. I am convinced that the strengthening cooperation of the CEMA member countries with the years will promote to a greater and greater extent the accomplishment of this socioeconomic and political task.

As was noted at the plenum, our countries are striving for a qualitatively new level of economic integration, without which it is already impossible today to imagine the life of the socialist community.

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CSO: 1825/81

## USSR-CEMA TRADE

### IBB PROJECTS, BALANCES SUMMARIZED

Moscow FOREIGN TRADE in English No 9, Sep 83 pp 41-42, 44-46

[Article by Albert Belichenko, chairman of the Board of the International Investment Bank]

#### [Text]

In the current five-year-plan period the socialist community countries in line with the decisions of the Communist and Workers' Parties are fulfilling complex and large-scale tasks for transferring the national economies to an intensive way of development. Intensification of the socialist production is accompanied by deepening economic and technical cooperation and socialist economic integration.

The present stage of the socialist community countries' economic development is characterized by strengthening production internationalization and deeper integration ties. The decisions of the 26th CPSU Congress and the congresses of other fraternal Communist and Workers' Parties envisage the furthering of socialist economic integration based on the Comprehensive programme, long-term specific programmes of cooperation, multilateral and bilateral agreements on specialization and cooperation in production aimed at solving vital economic development problems.

Yu.V. Andropov, General Secretary of the CPSU Central Committee, in his speech at the ceremonial meeting of the

CPSU Central Committee, the Supreme Soviet of the USSR and the Supreme Soviet of the RSFSR, December 21, 1982, pointed out: "the socialist community is a powerful and healthy organism which is playing an enormous and beneficial role in the world of today. The mechanism of fraternal cooperation encompasses a variety of spheres of life in our countries and different areas of our joint socialist construction. By pooling our resources we are finding increasingly effective ways of harmonizing the interests of the community with those of each member-country." Yu.V. Andropov emphasized that one of the serious tasks facing the socialist community countries would be provision of "... a new impulse to economic integration".

In 1982 the socialist community countries advanced in strengthening the material and technical base of their economies and in perfecting and developing their foreign economic relations.

Sectors assuring acceleration of scientific and technical progress and raising the efficiency of social production (power engineering, machine-building industry, electronics, chemistry and petrochemistry) grew at

outstripping rates. The construction of atomic power stations moves still further. Large financial means were allocated not only to construct new projects but also to technically reequip and reconstruct existing production capacities.

Cooperation in investments, including coordination of capital investments and joint construction of certain projects, expanded.

With due regard for the above, the activity of the International Investment Bank (The Agreement on the Establishment of the IIB and its statutes are published in this issue) is aimed at promoting the growth of the Bank member-countries' economic potential through participation in realizing the tasks stemming from the Comprehensive Programme of socialist economic integration, long-term specific programmes of cooperation and agreements on specialization and cooperation in production. At the same time the Bank's activity raises the role of international socialist credit and expands the scope of application of the transferable ruble.

The IIB's main business is to grant credits for: capital construction, create new productive assets, reconstruction and expansion of existing enterprises' capacities, raise the effectiveness of capital investments credited by the Bank.

In 1982 the Bank took on the crediting of new projects and allocated additional means for financing the development of machine-building industry and transport, and also expansion of the raw material and fuel base. Credits are mainly used for assuring more efficient capital investments in reconstruction and technical reequipping of existing enterprises.

In Bulgaria it is envisaged, using the Bank's credits, to modernize and expand the Record complex in Plovdiv manufacturing autotrucks, the Star factory in Lukovit producing steering mechanisms and the Shatorov storage-battery factory in Pazardzhik. All these enterprises are included in the state economic association Balkancar-Transport Engineering which, under the CMEA, specializes in manufacturing auto and electrocars and is one of the largest producers of these goods in the world.

Modernization and expansion of the Record complex included in the CMEA member-countries' Coordinated Plan for Multilateral Integration Measures for 1981-1985 are of great importance for meeting the CMEA member-countries' demands for truck-loaders and also for developing Bulgaria's national economy. By 1985 the complex's output will substantially increase as well as its export to the CMEA member-countries.

The Bank's credit used for expanding the Star factory's production (Lukovit) is to increase the output of steering mechanisms for completing auto and electrocars manufactured in Bulgaria and to create steering mechanism production for completing MAZ lorries made at the Minsk Motor Works in the Soviet Union and supplied, in particular, to the CMEA member-countries.

The Shatorov storage-battery factory in Pazardzhik will increase the output of batteries with higher technical and quality parameters for electrocars and for automobiles and motorcycles. The aim is to double their service life. Besides meeting Bulgaria's requirements export growth to the



CMEA member-countries is envisaged.

The deepening of the CMEA member-countries' economic cooperation and the steady growth of mutual trade put higher claims on transport assuring goods shipping on which, to a great extent, the development and proper interaction of the socialist economic sectors depend.

The International Investment Bank participates in undertakings for reconstructing and changing major, internationally important railways over to electric traction and their outfitting with up-to-date automatic locking systems and communication means as well as for increasing the traffic-carrying capacity of transshipping stations. Under the CMEA member-countries' long-term specific programme of cooperation in developing transport communications the Bank, in 1982, granted new credits to the enterprise, Hungarian State Railways. The change over the Budapest-Pecs line to electric traction will substantially expand the possibilities of transit cargo shipping via Hungary, the Hungarian goods shipment volumes will grow, the speed of freight and passenger trains will increase and the freight trains' load capacity will become higher.

Hungary using the Bank's credits, granted earlier, reconstructed some sections of railways, equipped them with automatic locking systems, constructed secondary tracks and also adapted some lines to electric traction; the development of the Zahony transshipping centre continued.

In Bulgaria the International Investment Bank credits are for construction of the Sofia-Varna, Varna-Burgas and Burgas-Sofia highways. First-class highways are of great consequence for

the developing of Bulgaria's economy. Moreover, part of the Sofia-Varna highway is included in the international Moscow-Kiev-Kishinev-Bucharest-Sofia motorway, to be built under the CMEA member-countries' long-term specific programme of cooperation in developing transport communications.

Last year the IIB continued to credit earlier accepted projects in the machine-building, chemical and other industries manufacturing products in which the CMEA member-countries are interested.

The advanced development of Hungary's aluminium industry is an example of efficient utilization of the Bank's credit. This country has large bauxite reserves. However, a deficit of economic power resources required for producing aluminium retarded the aluminium industry's development. Thanks to the USSR-Hungary fraternal cooperation, however, this problem has been overcome. In line with the existing agreement Soviet enterprises annually process Hungarian alumina and the produced aluminium returns to Hungary. In repayment for the services rendered the USSR receives Hungarian goods needed for its economy. The Bank's credits promote fulfilment of the Soviet-Hungarian agreement in both countries' interests.

The expansion of the Hungarian Ikarus factory manufacturing buses, very competitive on the world market, using the Bank's credit, is very important to Hungary and the CMEA member-countries. This factory systematically introduces new modifications to its output meeting the up-to-date requirements. The Ikarus factory maintains close cooperation ties with the Likino bus factory (the USSR)

and a number of enterprises in the GDR and Czechoslovakia. At present Ikarus buses carry passengers in more than forty countries. Large numbers of buses manufactured at the factory run on the roads in the USSR and other CMEA member-countries.

The Ganz Mavag machine-building factory (Budapest), now being reconstructed and expanded using the IIB's credit, participates in realization of an Agreement on Multilateral International Specialization and Cooperation in Production of Equipment for Atomic Power Stations. The investments will increase the production volume at this enterprise and goods deliveries to the European CMEA member-countries.

The IIB's cooperation with the GDR is fruitfully progressing. The Bank granted a series of credits for expanding and reconstructing the existing machine-building enterprises, among which is the Umformtechnik complex manufacturing press-forging equipment, the Fortschritt-Landmaschinen agricultural machinery complex, the Polygraph complex, the Scharfenstein works and the Ernst Thälmann heavy engineering complex.

Equipment with the trade-mark of the Umformtechnik complex is used at automobile enterprises in the USSR, Czechoslovakia, Hungary, Romania and a number of capitalist and developing countries. The modern products of this enterprise being manufactured thanks to the reconstruction of the complex on the basis of the Bank's credit are of great demand on the world market. Over ninety per cent of the products increase has been achieved due to the growth of labour productivity.

The Fortschritt-Landmaschinen complex specializing in manufacturing

agricultural machinery is being successfully reconstructed and expanded. By its productive capacity it is one of the largest and most important enterprises within the CMEA member-countries' framework.

Due to new capital investments the production volume at the Polygraph printing machine complex will more than double and products deliveries to the CMEA member-countries will increase over five times. The further automation of offset machines using microelectronic facilities will considerably improve printing quality.

The Scharfenstein enterprise manufactures hermetically sealed refrigerant compressors and freezers, meeting the highest requirements from the point of view of quality. For the manufacture of these products the enterprise was awarded the honoured name: Factory of Excellent Quality.

The expansion and modernization of productive capacities of the Ernst Thälmann heavy engineering complex, a large producer of rolling equipment, equipment for the building material industry, cable industry and equipment for producing protein foodstuffs from oil-bearing seeds, is of great importance for the CMEA member-countries.

At the Leipzig Spring Fair, 1983, the IIB's customers, mainly those in the German Democratic Republic, were among the exhibitors. For a high scientific-technical level their products were awarded gold medals. The Ernst Thälmann complex (Magdeburg) now turning out highly productive machine tools for rolling wire and steel sheet is among the enterprises presented with awards. Of great interest were: machines manufacturing glass light guides for communication facilities made at the Magdeburg complex.

Gold medals were also awarded to items manufactured by the Umformtechnik, Fortschritt-Landmaschinen.

The IIB granted credits to the Republic of Cuba for constructing sugar mills directly related to the fulfilment of a long-term specific programme of cooperation in agriculture and the food industry. Such factories will promote the further comprehensive development of Cuba's sugar industry and sugar export growth.

Several credits were granted for the construction of new and reconstruction and expansion of existing chemical enterprises among which in the Socialist Republic of Romania are: the Giurgiu factory manufacturing caustic soda and chlorine derivatives, the Borzești isoprene rubber factory, an installation for manufacturing Melana polynitrileacryl fibre at the Săvinești synthetic fibre factory; in the Czechoslovak Socialist Republic: a plant producing antioxidant used for manufacturing tyres, conveyor belts, hoses and other rubber items at the Duslo Šala chemical complex.

The International Economic Association Interatominstrument uses the IIB's credits for expanding the volume of work on instrument and nuclear facilities servicing.

The credit granted for modernization and expansion of the Tang tool factory (Yugoslavia) manufacturing products important for the automobile industry is being successfully realized. This credit is a clear indication of the widening use of the transferable ruble and inclusion of a country which is not a member of the International Investment Bank or the International Bank for Economic Cooperation into the system of multilateral settlements in this collective currency.

In 1982 the credits granted in the previous years for the construction of the Soyuz gas pipeline, the CMEA member-countries' largest integration project, were repaid. From use of the IIB's credits a considerable portion of pipe, equipment and material deliveries we financed as well as construction-assembly work and mutual services fulfilled by the participating countries. Through putting this large complex into operation the countries engaged in its construction obtained tens of thousands of millions of cubic metres of valuable raw material.

At the 33rd meeting of the Bank's Board (April 1983) a new project—Modernization and reconstruction of the V. Kolarov diesel engine complex in Varna (Bulgaria) was accepted for crediting. The new capital investments will considerably increase diesel production. A high level of automation and mechanization of the production process is assured.

Since the beginning of its activity the International Investment Bank has credited 83 projects estimated at about 10 thousand millions transferable rubles. The total sum of credits granted to the CMEA member-countries, Yugoslavia and the International Economic Association Interatominstrument exceeded 3,500 million transferable rubles. About 70 per cent of the credits went to the development of the fuel-power industry, 19 per cent—machine-building industry and electronics, 9 per cent—metallurgy and chemistry and 2 per cent—for transport and communication development.

The majority of the projects being credited are functioning enterprises. They are reconstructed and expanded without stopping production and this makes it possible to continually increase the products output and exports

such as: faience tiles, refrigerating plants and compressors from Bulgaria; comfortable buses, aluminium semi-finished products, cable products and textiles from Hungary; press equipment, agricultural and printing machines from the GDR; washed wool from Mongolia; brake devices for vehicles from Poland; railway waggons and chemical products from Romania; natural gas from the USSR and lorries with a high cross-country capability from Czechoslovakia.

All in all in 1972-1982 the projects credited by the Bank exported various products to the CMEA member-countries worth approximately 15,000 million transferable rubles. These projects also supply their manufactures to the industrial capitalist and developing countries. The International Investment Bank's activity promotes the development of the CMEA member-countries' export potential as a basic source for obtaining convertible currency to repay imports bought from the capitalist countries.

At present 56 projects have been put into operation, the construction of which was undertaken on the basis of the IIB's credits. In 1982 these projects exported finished products, whose characteristics meet the latest scientific and technical demands, worth 3,700 million transferable rubles.

Four projects credited by the Bank were commissioned in 1982. The reconstruction and expansion of workshops at the Hungarian cable factory (Budapest) were completed, as a result cable and wire output increased and deliveries of communication equipment, laboratory instruments and other facilities grew. Lines manufacturing equipment for making cement and crushers were put into operation

at the Ernst Thalmann heavy engineering complex. Modernization of equipment and expansion of productive capacities at the Tatra factory in Kopřivnice (Czechoslovakia) were completed. Tatra-815 lorries with a large load capacity and high performance characteristics which work faultlessly in severe climates are being mass produced. Products manufactured at this enterprise are made to the world's best standards and are exported to many countries.

The CMEA member-countries' multilateral cooperation in material production is to a greater extent being oriented on solving large pressing problems concerned with supplying their economies with fuel-power and raw material goods, machinery and equipment, agricultural produce and food-stuffs, consumer goods and also with the development of transport communications. Multilateral and bilateral agreements are being elaborated and implemented. Their purpose is to complete the undertakings envisaged in long-term specific programmes of cooperation. All CMEA member-countries' economic successes are directly due to the further expansion and deepening of socialist economic integration.

The role of foreign trade in developing the CMEA member-countries' economies is increasing. The accelerated expansion of the machinery and equipment foreign trade in the majority of these countries witnesses the further deepening of international specialization and cooperation in production.

The results of the 36th CMEA Session indicated that a significant step had been made on the way towards intensification of the CMEA countries' economies on the basis of



the further deepening of socialist economic integration.

The 36th CMEA Session adopted the Programme of Coordination of the CMEA Member-Countries' Economic Plans for 1986-1990. The Programme envisages a wider use of the IIB's credits for implementing the integration undertakings. For this purpose in the course of coordinating their plans the CMEA member-countries will elaborate and inform the Bank of possible projects which would promote specialization and cooperation in production, etc. The IIB will consider these projects when determining the main directions of its activity and drawing up five-year plans.

In the course of preparation of draft agreements, aimed at fulfilling specific integration undertakings, the CMEA member-countries will specify and coordinate their deliveries of machinery, equipment and materials for the projects credited by the Bank as well as counter-deliveries for their repayment. These deliveries will be stipulated in the corresponding section of the Coordinated Plan for Multilateral Integration measures, in special sections of long-term trade agreements and in the annual protocols on trade turnover. They will also be taken into account in the integration sections of the CMEA member-countries' State plans of social and economic development in line with their national legislation.

Yu.V. Andropov at the November (1982) Plenary Meeting of the CPSU Central Committee stressed that it was necessary to make the fraternal countries' cooperation and socialist mutual assistance deeper and more efficient also in the joint fulfilment of scientific, technical, industrial, transport, power engineering and other tasks.

The importance of the socialist states' closest cooperation increases especially in the present world situation. The CMEA member-countries' further transition to intensive development presupposes selection of the most efficient ways of specialization and cooperation in production and rational utilization of the CMEA member-countries' economic potential with simultaneous perfection of the mechanism governing their economic cooperation.

The International Investment Bank will continue to actively assist the development of the fraternal socialist countries' economies, promote implementation of tasks further improving the CMEA member-countries' currency-financial relations, deepen socialist economic integration and also expand mutually beneficial economic cooperation with other countries.

The International Investment Bank's further activity will help solve the general creative problems facing the socialist community as a whole and individual CMEA member-countries.

The International Investment Bank constantly places stress on deepening and improving business cooperation with the Council for Mutual Economic Assistance, the International Bank for Economic Cooperation and other international organizations and banks in the CMEA member-countries and Yugoslavia. Ties with international and regional financial and crediting organizations and banks in the industrial capitalist and developing countries are progressing.

We are sure that under the present complicated international situation the activity of the International Investment Bank will be of still greater significance in developing the fraternal socialist countries' cooperation.

**International Investment Bank**  
**BALANCE SHEET**  
(in transferable rubles)

ASSETS	As of 1 January		LIABILITIES	As of 1 January	
	1982	1983		1982	1983
1. Monetary funds: current accounts, cash on hand and time deposits	682,953,326	667,632,005	1. Authorized capital including capital paid up	1,071,300,000	1,071,300,000
2. Credits granted	1,485,301,241	1,432,516,291	2. Reserve capital	374,480,000	374,725,000
3. Building and property of the Bank	5,922,819	8,722,154	3. Special crediting fund	93,638,069	99,947,562
4. Other assets	115,392,421	72,787,814	4. Credits received and deposits	28,988,025	30,883,819
<b>TOTAL</b>	<b>2,299,569,809</b>	<b>2,241,658,264</b>	5. Other liabilities	1,676,426,874	1,642,376,398
			6. Net profit	108,006,993	73,471,949
				20,031,848	21,073,508
			<b>TOTAL</b>	<b>2,299,569,809</b>	<b>2,241,658,264</b>

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CSO: 1812/11

## **TRADE WITH INDUSTRIALIZED COUNTRIES**

### **SOVIET-WESTERN LICENSING AGREEMENTS DETAILED**

**Moscow FOREIGN TRADE** in English No 9, Sep 83 pp 2-5

[Article by Vladislav Malkevich, D. Sc. (Econ.), deputy minister of the USSR Ministry of Foreign Trade]

[Text]

A noteworthy feature of present-day international economic relations' intensification is the continually expanding specialized and cooperated manufacture and research. Growing more sophisticated in form the traditional trade links increasingly assume the character of long-term extended industrial cooperation between various countries' partners.

The vast scopes and complexity of the challenges facing science and technology today need huge labour and financial resources and form the objective pre-condition for the concentration, on an international scale, of the partners' production, scientific and technical potentials.

International industrial cooperation is one of the main and a most dynamic factor of the world's expanding integration processes. The Final Act of the Helsinki Conference on European Security and Cooperation emphasized the need of developing industrial cooperation and, in particular, the following specific forms: joint manufacture and marketing; cooperation in building industrial complexes; exchange of know-how, patents and licences; and joint industrial research.

These forms of cooperation are an effective means for taking care of complicated scientific and technical problems. They are being given increasing emphasis and place in the structure of Soviet foreign trade transactions adding to and helping extend the traditional trade relations with foreign countries in general, and organizations and firms in the industrial Western nations in particular.

Soviet organizations' relations with their foreign partners in the sphere of industrial cooperation are wide and varied, but their most characteristic feature is that they are, as a rule, long-term and designed to improve product quality standards through coordinated scientific, technical, production and commercial activity.

The unified technical and standardized facilities form the basis of the partners' industrial cooperation. Progress was initially made in the field of licence agreements which were conducive to quick exchanges of R & D results, technical, technological and other documentation.

Soviet licence trade is developing faster than the commodity trade and it is now an independent and stable foreign trade activity.

In 1976-1980 the average annual rates of growth of Soviet licence exports amounted about 20 per cent, and the foreign exchange earnings over this period exceeded 6.5 times the receipts in all the preceding years.

More than 20 Western countries are making goods today under Soviet licences. Over 30 per cent of the licences sold are bought by the USA, Japan, the FRG, France, Great Britain and Italy.

Many Western countries are well aware of the following Soviet inventions: underground gasification of coal; dry quenching of coke; transpiration cooling of blast furnaces; horizontal type continuous steel teeming; medicinal eye films; medicines—carminomycene, atmozine, nonakhlazine, etc. Since 1975 over 100 export licence contracts are signed annually with Western firms.

A series of new licence agreements for prospective Soviet inventions was signed in 1982, including contracts with Voest-Alpine (Austria) and Krupp GmbH (FRG) for converter gun spraying. Contracts provide for the transfer of information on the composition of a refractory fluid compound, the devices for and the techniques of its spreading on the internal surface of a converter to patch up and restore its lining to normal. The new process enables repairs to be made between smelts and prolongs converter life 20 to 30 per cent.

The Japanese firm Kensetsu Kikai Chosa purchased a licence for an original reinforced concrete hollow pile setting installation with special vibrators which makes it possible to complete deep foundations almost twice faster and substantially cut operating costs.



The MAN-GHH firm bought a licence for the N-650-21-2 natural gas compressor for 25MW gas pumps used on large-diameter pipelines. The pumps have high technical and economic performance characteristics and can operate in extreme climates. Their design is based on absolutely new solutions resulting from over 30 patented inventions.

"Engineering" services are being increasingly the subject in Soviet licence transactions with Western firms. These services may be a constituent part of large projects, or the subject of independent agreements. For example, a complex of designing, exploratory, assembly and construction services has been offered in addition to manufacturing rights and transfer of technical and know-how documentation to the following firms under respective licence agreements: Sumitomo, Japan (a system of pipeline transport); American Magnesium, USA (magnesium diaphragmless electrolyzers); Broken Hill Associated Smelters, Australia (reprocessing of compound lead-zinc concentrates); etc.

The agreements with Holming, Wartsila, and Rauma-Repola provide exclusively for ship testing services in an experimental model basin. In the past several years quite a number of ships have been tested on Finnish firms' orders.

Other forms of licence agreements are also in active use.

For the first time in the history of Soviet foreign trade associations Licensintorg concluded an agreement with the Indian space research organization, ISRO, on providing services related to the launching of an Indian-made earth satellite by a Soviet rocket carrier.

Also a new experience for our organizations was the sale of leasing licences to Drilex U.K. (Great Britain) and Drilex Overseas (the Bahamas) for screw-type hydraulic engines for drilling oil and gas wells. Instead of granting the licence holder, as is usually the case, the right to manufacture and sell the respective equipment, was modified enabling him to lease it and transfer an agreed per cent of royalties on its use to the Soviet licence owner.

The Soviet Union also makes active use of the latest achievements of foreign science and engineering. In the past two decades it has purchased some 700 licences. The major partners are West German, French, British,

Austrian and Italian firms. Using their know-how the Soviet Union makes the following equipment and products: medium-speed marine diesel engines (Pielstick, France); railway track repair machines (Plasser und Theurer, Austria); powerful thyristors (Siemens, the FRG); torque d.c. electric motors (Fanuc, Japan); sprinkling machines (Valmont, USA); high-productivity flour mill equipment (Bühler, Switzerland); chloroprene from butadiene (Power Gas, Great Britain); etc.

Among the licence agreements concluded in 1982 mention can be made of the following: manufacture of electric arc steel-melting furnaces (Krupp, the FRG); regulated plate pumps (Rexrot, the FRG); spherical graphited cast iron gas pipes (Tiroler Röhren und Metallwerke, Austria); large-size bearings (Rothe-Erdeschmiedag, the FRG); multifunctional electromechanical devices for processing food wastes (Merloni Progetti, Italy); mechanical treatment of graphite-coated electrodes (Tractionel, Belgium); and a series of production processes for the automotive industry.

In the 1970s industrial cooperation on a compensation basis played an important part in Soviet trade with capitalist countries. Compensation arrangements envisage deliveries by foreign partners on the basis of their long-term credits of equipment, machinery, materials and licences for the construction of large enterprises. The credits and interest on them are to be repaid in products of the built enterprises to their full worth within 10 to 15 years.

So far compensation agreements have been signed for the construction in the Soviet Union of over 60 chemical, petrochemical, oil, gas, timber, and pulp-and-paper projects. This type of contracts has been signed with Austrian, Italian, West German, French, Japanese, US and other Western firms and are worth hundreds of millions and even thousands of millions of dollars. Majority of these projects are well known and have been repeatedly mentioned in Soviet and Western press, among them are: development of large timber resources in the Far East and Siberia; exploitation of the South-Yakutian coal-field; oil and gas prospecting and extraction from the Sakhalin Island shelf; construction of the Oskol metallurgical complex and the export gas pipeline project.

In the past decade Soviet organizations and enterprises have been increasing their participation in production

cooperative relations with industrial western firms. And though the number of such cooperative projects is not yet large, the usefulness of this form of industrial cooperation has become quite obvious.

Cooperation in production and the trade in licences accelerate the production of progressive technologies, raise the efficiency of social production and create additional export resources. At the same time it is a higher-level form of cooperation which presupposes, along with the engineering and technical interaction of partners, unification of the applied technologies and arrangement of production, synchronization of the partners' efforts and production activities on the basis of specialization, coordination of sales and after-sale services and measures for the legal protection of industrial property.

Cooperation between Soviet organizations and firms of capitalist countries is accomplished under long-term agreements (5 to 7 years) which Soviet foreign trade associations are parties to. As a rule, the agreements cover two main stages of cooperation: preparation and organization of the manufacture of cooperated products based either on jointly developed technology or the technology of one side; and the manufacture and sales of products based on coordinated specialization and mutual deliveries.

The two following contracts are examples of cooperation founded on Soviet technologies: manufacture of Shrek-I type machines for comprehensive mechanization of coal mining operations (Scharf GmbH, the FRG) and manufacture of the UPS-301 type plasma welding equipment (Northern Engineering Industries, Great Britain). The technical documentation for the Shrek-I machine was handed over on a licence basis to Scharf where alterations were made to the original design to accommodate West German hydraulic systems and electrotechnical components; cooperated manufacture was then started in keeping with the agreed specialization.

A similar procedure was followed in cooperated manufacture of the UPS-301 equipment developed in the Soviet Union.

More and more often the mastering of production of Western-licensed goods in the Soviet Union is the beginning of cooperative relations with Western firms.

An agreement on cooperated manufacture and coordinated sales of concrete auto pumps (capacity—80 cu.m per hour) with Stetter of the FRG has been operative since 1977. Manufacture of the pumps is based on the technical and technological documentation of the firm Stetter. Proceeding from their annual production programmes the sides regularly sign commercial contracts on the mutual deliveries of assemblies and parts for the pumps. Each side has full freedom to assemble and mount pumps on their own chassis.

The close production and commercial ties and the economic benefits accruing from the cooperation encouraged the partners to complete new agreements—on cooperated manufacture of mixer trucks and permanently sited concrete mixers.

Good progress has been achieved in cooperated manufacture of passenger car safety belts fitted with inertia spools with the Swedish firm Steel Industry. The contract provides for annual mutual deliveries of completing parts on the agreed specialization. These safety belts are fitted to the Soviet-made Lada cars and West European models.

Sport shoes made by the Moscow Sport factory in cooperation with the West German firm Adidas are in high demand in the Soviet Union and abroad. The firm handed over to its Soviet partner the technical documentation (know-how) and the right to use its trade mark. Mass production in the Soviet Union began in less than a year and the sides started mutual deliveries: finished products (130,000-150,000 pairs of shoes per annum) from the Soviet Union to the FRG, and a number of completing parts and materials from West Germany to the Soviet Union.

As the role of science in production grows cooperation more and more extends to research and development, and experimental manufacture. An example of this type of cooperation is Licensintorg's agreements with the French firms Thomson-CSF and S.F.I.M. on the joint development of a future air navigational complex to control flights in heavy traffic, ease the work of crews and air control personnel in airports, as well as make flights safer. The agreements were concluded when the design of the equipment was about to begin, i.e., at the moment of passing over to the practical implementation of the idea.



Soviet and French specialists jointly developed and tested prototypes of air navigational complexes and their ground programming and servicing systems.

Long-term, multilateral economic, scientific and technical relations of the Soviet Union with Western countries were a notable feature of the 1970s.

The achieved scale of trade and technological exchanges between the Soviet Union and the Western countries have formed the objective prerequisites for the further extension of industrial cooperation in various forms.

At the same time recent years have witnessed increasing attempts of certain Western, specifically, US circles to hamper and limit the economic intercourse between the East and the West. This was also the aim of new amendments made to the US export control regulations introduced in the late seventies and the early eighties. Such a policy complicates the development of international industrial cooperation and introduces destabilizing elements into trade and economic relations between states. Against this background the Soviet Union continues to follow a realistic, objectively justified line for mutually profitable cooperation that meets the interests of all nations. The future belongs to this course.

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## TRADE WITH LDC'S

### ECONOMIC, TECHNICAL COOPERATION OF THE SOVIET UNION WITH DEVELOPING COUNTRIES

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 5, May 83  
pp 64-71

[Article by Tadeush Teodorovich, deputy director of the Scientific-Research Institute of USSR Economic and Technical Cooperation with Foreign Countries, USSR State Committee for Foreign Economic Relations: "The Soviet Union's Economic and Technical Assistance to the Developing Countries"]

[Text] Within the general system of the USSR's economic ties with the young states of Asia, Africa and Latin America, those forms of cooperation which go beyond the framework of traditional foreign trade and which ensure that a high degree of effectiveness and mutual benefit are derived from these ties acquire ever greater significance. This applies first of all to the economic and technical assistance which the Soviet Union extends to the developing countries in strengthening their national economies, in building industrial enterprises and power plants, agricultural and transport facilities, in carrying out geological prospecting work, in training personnel, etc.

While carrying out prospecting and planning work, while supplying entire equipment units, while building and performing installation work and while providing for the opening and normal functioning of facilities, USSR organizations establish long-term economic relations with the developing countries: these relations are realized not only in the circulation sphere but also in the area of capital construction and material production. Cooperation of this kind contributes actively to the progressive restructuring of the economies of the developing countries, and it exerts a profound effect on the development of their production forces and the resolution of social problems. It helps to strengthen the economic independence and the foreign exchange-financial position of the developing countries, as well as their positions in the struggle against the forces of imperialism and reaction.

At the same time economic and technical assistance and deliveries of entire equipment units serve as forms for the expansion of our machinery and equipment exports; this is completely in line with the task set by the 26th CPSU Congress of improving the structure of Soviet exports, especially by increasing the production and delivery of machine-building products and other manufactured items which meet foreign market requirements. In the last two decades deliveries of entire units have ranged on average from 50 to 60 percent of the total volume

of Soviet machinery and equipment exports to the developing countries, and for certain countries the percentages are even greater. For example, in the late 70's, this figure reached about 90 percent for Algeria and Iran, 80-85 percent for Turkey, and 60-70 percent for India and Afghanistan.

The Soviet Union receives as payment for the complete equipment units and technical documentation which it supplies and for the work of the specialists which it sends abroad various goods which are essential for our economy, such as minerals, fuel, tropical food products and finished industrial goods, including goods from enterprises built with the USSR's economic and technical assistance. In this way the practical realization of the principles of equal rights and mutual benefit is ensured. The USSR achieves this not by participating in the profits from enterprises built with its assistance or by receiving any privileges or concessions, but through the usual commercial channels by utilizing the advantages of the international division of labor.

The expansion of the USSR's economic and technical cooperation with the developing countries is taking place at a rapid rate. In the mid-50's the first inter-governmental agreements establishing this kind of cooperation were signed with Afghanistan and India, and by late 1982 they had been signed with 66 countries.

By the start of 1982, the number of projects involving cooperation between the Soviet Union and the developing countries had reached 1,271; work had been completed on 705 of these. They included 310 industrial enterprises, including electric power plants with an established capacity of 7.7 million kilowatts, metallurgical plants for smelting 12.4 million tons of cast iron and 10.2 million tons of steel, facilities for the extraction of 67.5 million tons of petroleum, 4.8 million tons of coal, 13 million tons of iron ore and 2.5 million tons of bauxite per year, as well as cement plants with a capacity of 1.6 million tons of cement. The following have also been put into operation: 75 agricultural facilities, 76 transportation and communications facilities, 149 educational establishments, 12 hospitals and polyclinics, etc.

There are many indications of the great significance which all of these facilities have for the economies of the developing countries. For example, in 1981 about 7.5 million tons of cast iron, 5.7 million tons of steel, and 205,000 tons of aluminum were smelted at cooperation facilities already in operation; the total output of electric power exceeded 33 billion kilowatt hours, which amounted to a 1.7-fold increase over 1975. These facilities were responsible for 65 percent of Syria's total electric power output, for Afghanistan the figure was 60 percent, for Iraq it was 55 percent, for Morocco 23 percent, and it was about 15 percent for India, Bangladesh and other countries. The Soviet Union helped to establish a national petroleum extracting industry in India and Syria, as well as a gas industry in Afghanistan; this had made it possible for these three countries alone to have produced 175 million tons of petroleum and 47 billion cubic meters of natural gas by the start of 1982.

In the area of agriculture note should be taken first of all of the construction of major hydrosystems and irrigation structures in a number of countries; as a result of cooperation with the Soviet Union conditions have been established for the irrigation of more than 3 million hectares of new lands.

The training of national personnel constitutes an important direction in foreign assistance. In the years of cooperation up to 1 million citizens from the developing countries of Asia, Africa and Latin America have received training and obtained high-level qualifications with the assistance of Soviet specialists during the construction and operation of facilities, in educational establishments created with USSR assistance or in Soviet secondary and higher educational institutions or Soviet enterprises.

The Soviet Union's economic and technical assistance is not only being expanded, but it is also being steadily improved: it is being enriched with new content and forms. Specifically, the last decade has seen the ever broader application of the following practices: construction of facilities in the developing countries under contract conditions and cooperation based on compensation principles. The transition to long-term agreements, programs and multilateral relations has been stepped up. Overseas assignments by such categories of Soviet specialists as advisers and consultants have acquired great significance, and production cooperation with USSR enterprises on the basis of facilities built with Soviet assistance has begun to develop.

Construction under contract conditions typically requires that in addition to providing the technical documentation, equipment and materials, the contracting company must use its own means and specialists to carry out all construction and installation work and hand over to the customer the completed facility ready for use. Moreover, the company has legal and material responsibility for the work completion deadlines and the quality of the work performed, which is determined on the basis of the results obtained from the operation of the facility during the warranty period.

The most important facilities which have been built under contract conditions or are presently under construction by Soviet organizations in the developing countries include metallurgical plants in Algeria and Nigeria, electric power plants in Iraq and Iran, pipelines in Iraq, Nigeria, Libya and Algeria, grain elevators in Iraq and Iran, educational centers, a cement plant and oil fields in Iraq, an atomic research center, petroleum borehole installations and an electric power transmission line in Libya.

By the start of 1971 the Soviet Union's economic and technical assistance obligations to the developing countries included 30 contract facilities, which represented 2.8 percent of total volume in terms of cost, but by 1982 the number of facilities had reached 150, and their cost accounted for 35 percent of the volume of assistance stipulated in already concluded agreements and contracts.

By the start of 1982 Soviet organizations had completed work in the developing countries on the construction of 63 contract facilities, include 19 in Iraq, three each in Iran and Algeria, two each in Afghanistan, Libya and Guinea. Contract work is continuing on the erection of 24 facilities in Iraq, 14 in Iran, and eight each in Libya and Afghanistan.

The growing significance of construction carried out on contract facilities in the developing countries and the working conditions which have developed in some countries present Soviet foreign-economic and construction-installation



organizations with the task of increasing in every possible way the effectiveness of contract construction, which is a very crucial and complex form of cooperation.

Specifically, the completion of the tasks in this area calls for uniting the efforts of the construction-installation organizations of the Soviet Union and the other CEMA member countries. For example, one can take note of the positive results of cooperation between Soviet and Bulgarian organizations in the construction of facilities in Libya, and of cooperation among Soviet, Hungarian and Polish organizations in Iran.

Ever increasing attention is being given to cooperation carried out under export conditions, i.e., when the USSR receives a portion of output obtained at facilities established with our assistance (compensation agreements). In the first stages of cooperation with the developing countries the enterprises were built mainly to satisfy the needs--which arose during the process of economic growth--of the population and of domestic production and to replace imports. But in the subsequent period ever greater attention has been devoted to the construction of enterprises which turn out products for export. The export industrial sector, which is an organic component of the national economies of the developing countries, also satisfies the needs of the partner country. This approach leads to the development and expansion of cooperation on a compensation basis.

The advantage of establishing in the developing countries special-purpose production capacities which supply a portion of their output to the USSR lies not only in the opportunity which they provide for the long-term satisfaction of the import needs of our economy, but also in the simultaneous resolution of the extremely urgent problem of ensuring the complete and prompt repayment of Soviet credits by means of goods which we need. This is particularly important for a number of the least developed countries, which remain in a difficult foreign exchange-financial position, and which have a low repayment capacity.

Compensation cooperation frequently arises as well at the later stages, when repayment of Soviet credits is being carried out, and the already completed enterprises are in operation. In certain cases deliveries to the USSR serve the purposes of 1) ensuring the fullest and most effective utilization of the production capacities created with the assistance of Soviet organizations and 2) overcoming marketing difficulties. One can cite as an example the deliveries of cast iron, rolled metal products, metallurgical and other equipment from facilities arising out of Soviet-Indian cooperation.

All of the above-indicated reasons provide the grounds for viewing compensation cooperation as an extremely promising and highly effective form of foreign economic ties of a production-commercial nature. At the present time more than 30 agreements concerning cooperation to be carried out under compensation conditions have been signed. The scale of the compensation cooperation which is already being realized can be judged from the fact that during 1976-1980 alone facilities built in the developing countries yielded output worth approximately 3 billion rubles, including 40.9 billion cubic meters of gas from Afghanistan and Iran, 23.4 million tons of petroleum from Iraq and Syria, 11.6 million tons

of Bauxite from Guinea, 213,000 tons of alumina from Turkey, 148,000 tons of nitrogen fertilizers from Afghanistan, metallurgical and other equipment totaling about 17 million rubles from India, etc. In some years this output has accounted for more than 20 percent of all Soviet imports from the developing countries.

In 1981 the output from facilities built under this kind of cooperation agreement accounted for 63 percent of imports from Afghanistan: these facilities include the oil fields of Shibarghan and Dzharkuduk, the nitrogen fertilizer plant in the city of Mazar-i-Sherif and the Khadda and Gaziabad agricultural farms. During all of these years a total of more than 600 million rubles worth of output has been purchased to clear Soviet credits and to pay for current Soviet exports; this figure includes 34.3 billion cubic meters of natural gas, 204,000 tons of fertilizers, 33,000 tons of citrus fruits, and more than 7,000 tons of olives. The prospects for the further development of compensation cooperation between our countries are linked to the development of the Aynak copper deposits, discovered with the help of Soviet geologists, to the realization of other extracting facilities and to the development of irrigation.

Output from a bauxite producing complex built with USSR assistance makes up the larger part of Soviet imports from Guinea. In the years 1975-1981 about 16 million tons of bauxite were exported to the Soviet Union. Nearly half of this went to clear Soviet credits. At present, work is being carried out with USSR assistance to increase the capacity of this complex, and this will create the conditions for further growth in the deliveries of Guinean bauxite to the USSR.

Cooperation with Guinea provides a graphic example of how a developing country can--on the basis of mutual advantage--attract overseas financial and material resources and promptly pay off its debts for assistance provided. Moreover, the net profit which this wholly national enterprise receives from every ton of bauxite it produces goes into the country's state budget, and this profit is 3-fold greater than the profit which Guinea obtains from mixed enterprises in which capital from Western firms is used.

An important item in Soviet imports from the Congo is lead-zinc concentrate, which comes from a mining and enriching enterprise in the city of M'Fuati, which was built with USSR assistance. The development of compensation cooperation with Morocco is linked to participation by Soviet organizations in the development of phosphorite deposits, and in the case of Mozambique it is linked to the mining of coking coal and the ores of rare metals.

Production cooperation based on facilities built in the developing countries with the Soviet Union's economic and technical assistance borders very closely on cooperation carried out on a compensation basis. In both cases part of the output is purchased by Soviet organizations. The most outstanding example is to be found in the cooperation with machine-building enterprises in India--with the heavy machine-building plant in the city of Ranchi, with the mining equipment plant in the city of Durgapur and with the machine-building plant, located in the city of Khardvar, which produces equipment for the power industry.

Production cooperation arose in the 70's as one of the ways of providing help to facilities built with USSR assistance in establishing effective operations for those facilities, and it subsequently grew into solid production cooperation. Since 1968 large orders for the production of equipment for facilities which are being built in India with USSR assistance have been placed with these plants. In 1976 contracts were concluded to cover the manufacture in 1977-1980 of 19,000 tons of metallurgical equipment for facilities being built in third countries with the assistance of the Soviet Union. Within the framework of these contracts coking equipment has been supplied to Bulgaria and Turkey, and bridge reloaders have been supplied to the Republic of Cuba, etc. For the production of this equipment Soviet organizations handed over to Indian plants the necessary technical documentation and supplied items necessary to complete the plant, and they took upon themselves the responsibility for the technical level and the quality of equipment. The placing of these major orders with Indian plants was seen as a demonstration of the great trust which the Soviet Union and other foreign countries have in the output of the Indian machine-building industry.

A new stage in the development of Soviet-Indian cooperation in machine building was started in the late 70's, when it became more stable, planned and long-term in nature. According to the agreements which have been concluded, about 120,000 tons of various types of equipment will be manufactured in 1981-1985 to fill Soviet orders. This ensures that the plants in the cities of Ranchi, Durgapur and Khardvar will be using their production capacities in the long-term future; it provides the opportunity to significantly improve the indicators of their production-financial activities and to expand machine-building exports. The Soviet Union is supplied with enriching, crushing-grinding and coking equipment, large electrical machinery, sinking winches, conveyer belts, a large quantity of parts, blocks, castings and other items for the manufacture of machinery and equipment at USSR enterprises.

It should be noted that other CEMA member countries are starting to establish similar cooperation links. As the HINDUSTAN TIMES reported on 9 September 1982 the Heavy Machine Building Corporation in Ranchi reached an agreement on manufacturing in India--using Czechoslovak technology--the following items which are to be supplied to the CSSR: cranes, rolled products and coking equipment, forged pieces and castings; the agreement also covered the use of Indian organizations to supply equipment and to carry out the construction of facilities in third countries.

In the expansion of the USSR's economic and technical assistance to the developing countries, it has been possible to observe in recent years an increased emphasis on projects which are planned and long-term in nature. In this regard particular mention should be made of the March 1979 signing--at the summit level--of a document concerning a program of Soviet-Indian economic, trade and technical cooperation. It sets out the areas of joint work between Soviet and Indian organizations on the leading sectors of India's national economy--ferrous and nonferrous metallurgy, the exploration and production of petroleum, electric power engineering, the coal industry, machine building, light industry, the food industry and agriculture.



In May 1981 a program of cooperation with Mozambique was confirmed for 1981-1990; it covers such sectors as geology, the extracting industry, nonferrous metallurgy, machine building, agriculture, and the training of national personnel. In January 1982, a document was signed concerning a program of cooperation with Angola to cover 1981-1985 and up to 1990. Long-term programs of cooperation with Ethiopia and certain other developing countries are being worked out.

The work of inter-governmental commissions has great significance for the development of the long-term prospects for mutually advantageous cooperation. In the early 70's commissions were set up with India, Iran, Iraq, Turkey, Algeria, Morocco and Syria, and in the last five-year plan period inter-governmental commissions on economic and trade cooperation with Afghanistan, the People's Democratic Republic of Yemen, Ethiopia, Angola, Mozambique, Madagascar and Libya were added.

Among the important areas of cooperation which have received particularly intense development in recent years one should include the sending of Soviet experts and consultants to the developing countries to transmit the wealth of experience accumulated by the Soviet Union in planning and effective economic management. For example, a group of Soviet specialists in Afghanistan is carrying out a large project on the introduction and improvement of the system for state-wide planning and on the development of measures to strengthen plan and financial discipline, and to increase revenues going to the country's state budget. On the basis of the recommendations and proposals put forward by the Soviet consultants, the range of plan indicators included in the 1981-1982 economic and social development plans for Afghanistan was substantially increased, and itemized lists of capital construction projects were compiled.

Soviet specialists have worked out the basic normative documents and regulations of the five-year national development plans covering 1981-1985 for the People's Democratic Republic of Yemen and 1982-1986 for the People's Republic of the Congo. They have participated actively in the preparation of long-term plans for Ethiopia in 1983-1992 and for Guinea-Bissau in 1983-1986. Assistance is being given to Angola and Mozambique in the development of annual and middle-range plans.

Substantial assistance is also being given with the formation of national statistical services, banking affairs, and with the development of sector and area comprehensive programs. For example, organizations and specialists from the Soviet Union have worked out long-term programs for the development of the petroleum and gas industries of Syria, India and Iraq, as well as the power supply systems of Libya. They have also worked out long-term water- and land-resource utilization programs for a number of river basins in Syria, Afghanistan, Mozambique, Madagascar, Ethiopia, as well as a general scheme for the development of fisheries in the People's Republic of Yemen over a 10-year period. The governments of Algeria and Mozambique have entrusted Soviet specialists with the task of monitoring the efforts of the national organizations in all petroleum and gas exploration and drilling work, and in Angola they are helping state organizations to monitor the activities of the foreign oil companies.



And finally, the further development of multilateral economic cooperation of the USSR and the other CEMA member countries with the developing countries should be noted. For example, within the framework of the Soviet Union's economic and technical assistance in the area of the metallurgical industry, broad use has been made of the potential of Czechoslovakia, which supplied a number of developing countries with rolling mill equipment, while the GDR has manufactured equipment for a light-section rolling mill in Iran and a wire mill in Algeria. Bulgarian construction organizations have served as subcontractors in the fulfillment of nearly 30 percent of the obligations related to the construction of an atomic research center and a significant portion of the power transmission line construction, which is part of the Soviet Union's economic and technical assistance to Libya. A consortium of USSR, Polish, and Hungarian organizations was established, and it is successfully building the Isfahan thermal electric power plant in Iran.

The 35th and 36th CEMA sessions pointed out the importance of expanding multilateral cooperation with the developing countries and of combining on a planned basis the efforts of the CEMA member countries to provide assistance to those countries in the expansion of production, including the production of the most important raw materials, power and foodstuffs, which could be purchased to satisfy the needs of the socialist community. Many projects in this area have favorable prospects; among them one can name first of all the development of phosphate deposits in Morocco, the development of coking coal deposits in Mozambique, copper ores in Afghanistan, and a number of power and agricultural facilities in the countries of tropical Africa.

The consistent resolution of the tasks set by the 26th CPSU Congress in the area of economic cooperation with the developing countries will undoubtedly be accompanied by the emergence of new and the intensification of previously developed directions and forms of work by Soviet organizations which are engaged in providing economic and technical assistance to the young states of Asia, Africa and Latin America. The continuous search for new ways to improve work in this area and the creative application of the experience of other socialist countries constitute the absolute prerequisite for the raising of both the political and economic effectiveness of the Soviet Union's foreign economic ties.

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## TRADE WITH LDC'S

### BRIEFS

USSR-AFGHAN COOPERATION--The third session of the permanent inter-governmental Soviet-Afghan commission on economic cooperation was held in Moscow on 4-5 July. The commission approved the results of work by Soviet and Afghan organizations on the implementation of bilateral agreements on economic and technical cooperation and on trade. Detailed consideration was given to questions of cooperation in the area of agriculture and irrigation, transportation, power engineering, light industry, the food industry, geological prospecting and the training of national personnel. The results of the session, which took place in an atmosphere of friendship and complete mutual understanding, were used as the basis for the signing of a protocol, as well as a number of inter-governmental documents on issues of commercial-economic cooperation. The USSR delegation was headed by Z.N. Nuriyev, deputy chairman of the USSR Council of Ministers and the delegation from the Democratic Republic of Afghanistan was headed by Kh. Abawi, deputy chairman of the Council of Ministers and chairman of the Afghan State Committee. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 29, Jul 83 p 21] 8543

CSO: 1825/87

# GENERAL

## CURRENCY RATES, UNDERLYING RATIONALE REVIEWED

1 September Rates

Moscow EKONOMICHESKAYA GAZETA in Russian No 37, Sep 83 p 22

[Article by Ye. Zolotarev: "Bulletin of Exchange Rates of Foreign Currencies as of 1 September 1983"]

[Text] Name of Currency	Exchange Rate in Rubles
Australian dollar per 100. . . . .	67.67
Austrian schilling per 100 . . . . .	4.06
Albanian leks per 100. . . . .	18.00
Dinars of the Democratic and Popular Republic of Algeria per 100. . . . .	15.43
British pounds sterling per 100. . . . .	114.87
Argentine pesos per 100. . . . .	6.88
Afghan afghanis per 100. . . . .	1.47
Belgian francs per 1,000 . . . . .	14.19
Burmese kyats per 100. . . . .	9.41
Bulgarian leva per 100 . . . . .	76.92
Hungarian forints per 100. . . . .	7.67
Dongs of the Socialist Republic of Vietnam per 100 . . . .	30.60
Ghanaian cedis per 100 . . . . .	27.09
Guinea syli per 100. . . . .	3.13
Marks of the GDR per 100 . . . . .	40.50
Deutsche Marks of the FRG per 100. . . . .	28.53
Dutch guilders per 100 . . . . .	25.52
Greek drachmas per 1,000 . . . . .	8.33
Danish kroner per 100. . . . .	7.92
Egyptian pounds each . . . . .	1.05
Indian rupees per 100. . . . .	7.46
Indonesian rupiahs pwe 1,000 . . . . .	0.75
Iraqi dinars each. . . . .	2.47
Iranian rials per 100. . . . .	0.86
Icelandic kronas per 100 . . . . .	2.70
Spanish pesetas per 1,000. . . . .	5.01
Italian lira per 10,000. . . . .	4.78
Dinars of the People's Democratic Republic of Yemen each .	2.21
Rials of the Yemen Arab Republic per 100 . . . . .	16.09

<u>Name of Currency</u>	<u>Exchange Rate in Rubles</u>
Canadian dollars per 100. . . . .	62.27
Yuans of the People's Republic of China per 100 . . . .	37.35
Wons of the Democratic People's Republic of Korea per 100 . . . . .	74.93
Cuban pesos each. . . . .	0.90
Kuwaiti dinars each . . . . .	2.61
Lebanese pounds per 100 . . . . .	16.15
Libyan dinars each. . . . .	2.48
Malaysian ringgits per 100. . . . .	32.54
Mali francs per 1,000 . . . . .	0.94
Moroccan dirhams per 100. . . . .	10.37
Mexican pesos per 1,000 . . . . .	4.91
Mongolian tugriks per 100 . . . . .	22.50
Nepalese rupees per 100 . . . . .	5.34
New Zealand dollars per 100 . . . . .	49.13
Norwegian kroner per 100. . . . .	10.23
Pakistani rupees per 100. . . . .	5.70
Polish zloty per 100. . . . .	22.50
Portuguese escudos per 1,000. . . . .	6.16
Romanian leus per 100 . . . . .	15.00
Singapore dollars per 100 . . . . .	35.78
Syrian pounds per 100 . . . . .	18.73
Somali shillings per 100. . . . .	4.78
U.S. dollars per 100. . . . .	76.65
Sudanese pounds per 100 . . . . .	58.77
Tunisian dinars each. . . . .	1.12
Turkish lira per 1,000. . . . .	3.27
Uruguayan pesos per 100 . . . . .	2.23
Finnish markkas per 100 . . . . .	13.40
French francs per 100 . . . . .	9.48
Czechoslovak korunas per 100. . . . .	12.50
Swedish kronas per 100. . . . .	9.70
Swiss francs per 100. . . . .	35.08
Sri Lanka rupees per 100. . . . .	3.14
Ethiopian birrs per 100 . . . . .	36.26
Yugoslav dinars per 1,000 . . . . .	7.51
Japanese yen per 1,000. . . . .	3.11

#### Our Commentary

The USSR State Bank changed as of 1 September the exchange rates of 18 foreign currencies. The exchange rate of the Austrian schilling, the Argentine peso, the Belgian, French and Swiss francs, the Deutsche Mark of the FRG, the Dutch guilder, the Greek drachma, the Danish krone, the Italian and Turkish lira and the Moroccan dirham was decreased. The exchange rate of the U.S. dollar, the Australian, Canadian and Singapore dollars, the Malaysian ringgit and the Finnish markka was increased.

The decrease of the exchange rate of the dollar at the end of the second 10-day period of August was short-term, by the beginning of September it was increased



again. The main factor of such a movement of the exchange rate is the anticipation by the market of new restrictive actions on the part of the U.S. Federal Reserve Bank, which can lead to the further increase of interest rates.

The signs of the slowing of the just begun "recovery" of the U.S. economy also affected the market predictions. Among these signs are the July decrease of the backlog of orders in industry by 1.7 percent and house sales by 6.5 percent, as well as the increase of the trade deficit to \$6.36 billion in July as against \$4.96 billion in June and the 0.4-percent increase of the reserves of raw materials and materials in industry.

At the same time the worsening of some economic indicators of the FRG occurred. Its foreign trade assets decreased from 3.9 billion Marks in June to 2.1 billion Marks in July, the increase of consumer prices accelerated somewhat. This led to a slight decrease of the exchange rate of the Mark of the FRG, and along with it of the majority of currencies of the member countries of the European Monetary System.

The price of gold on international markets remained at the level of \$418-420 per ounce as a result of the appearance of two opposing trends: the increase of the exchange rate of the dollar acted in the direction of its decrease, while the aggravation of the tension in the Near East and Africa acted in the opposite direction, in the direction of its increase.

#### Rate Changes Explained

Moscow IZVESTIYA in Russian 10 Aug 83 p 4

[Article by Candidate of Economic Sciences V. A. Gromov, chief of the Exchange Rates Department of the Main Currency and Economic Administration of the Board of the USSR State Bank: "The Ruble and Foreign Currency"]

[Text] A bulletin of the exchange rates of foreign currencies is published each month in the newspaper IZVESTIYA. What are the changes in these exchange rates due to and of what economic importance are they for our state?

A. Krasivskiy, Moscow

IZVESTIYA asked Candidate of Economic Sciences V. A. Gromov, chief of the Exchange Rates Department of the Main Currency and Economic Administration of the Board of the USSR State Bank, to answer these questions.

International economic relations presume the trade in goods and services of some countries with others. This trade is carried out in monetary form. Since no common international money exists, the national currencies of states are involved in international settlements. Here for one of the trade partners the currency of the transaction is always a foreign currency. Therefore objectively in international economic relations there always exists the need for the exchange of national currency for foreign currency: the buyer needs foreign currency for the payment for imported goods, while the seller, on the contrary, needs national money

in exchange for foreign receipts. The proportions, in which such exchange is carried out, are called the exchange rate. The exchange rate can be established spontaneously on the exchange markets, where it is formed under the influence of many factors. As opposed to the market method of the formation of the exchange rate there also exists the method of its state regulation.

The planned nature of the development of the national economy of the Soviet Union also includes the sphere of foreign economic relations, while the establishment of the exchange rate is one of the important functions of the management of these relations. When specifying the proportions of the exchange of the Soviet ruble for foreign currencies, we are thereby to a considerable extent specifying the value proportions of foreign trade exchange and its effectiveness from the point of view of the national economy. For if the exchange rate of the ruble is "overstated" (that is, the foreign currency is valued too cheaply), many goods become more profitable to buy abroad than to produce ourselves. If the exchange rate of the ruble is "understated," the effectiveness of Soviet exports is artificially decreased and the enterprises, which produce export products, do not have adequate financial stimuli.

Therefore the most important demand, which is made on the establishment of the exchange rates of foreign currencies to the ruble, is their realisticness, that is, the conformity of the exchange proportions to the purchasing power of the currencies. Here it is necessary to bear in mind that the comparative purchasing power of currencies can change within broad limits depending on what goods are used for comparison. In order to avoid possible distortions in this matter, a wide "selection" of goods, which represent all the basic types of products produced in our country, has been made the basis for the exchange rate of the Soviet ruble to the dollar (and in terms of it to other currencies). But a calculation of this kind due to its labor intensity and complexity cannot serve as an efficient tool of the establishment of the exchange rates of foreign currencies to the ruble.

Therefore their current adjustment is made by a special method, which takes into account the movement of the exchange rates of the most important capitalist currencies with each other on the international exchange markets. This method has the name of "a basket of currencies." Its essence consists in the fact that the "price" of a ruble is equated with the current market value of the foreign components of the "basket," that is, to the fixed proportions of several foreign currencies, which have been added together. The choice of the foreign currency components and their quantitative proportioning take into account the role of individual capitalist currencies in the foreign settlements of the Soviet Union.

The method of "a basket of currencies" makes it possible to keep track very efficiently of all the changes on the exchange markets. However, from a national economic point of view there is no need to carry over automatically all the spontaneous fluctuations of the capitalist market to the exchange rate of the Soviet ruble, since frequent changes of the exchange rates create difficulties in the accounting of foreign currency operations. In order to ensure some stability of the exchange rates, the USSR State Bank adjusts them periodically, in recent times twice a month. For the purpose of the prompt notification of the workers of the ministries and departments, which make currency settlements, all the changes of the exchange rates of foreign currencies to the ruble are published in the newspaper IZVESTIYA.

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## GENERAL

### MOSCOW INTERNATIONAL TRADE CENTER DESCRIBED

Moscow MOSCOW NEWS in English No 35, 4-11 Sep 83 p 8

[Article by Viktor Yevkin]

[Text]

**Businessmen treasure their time. Any business information or commercial service must be at hand. For the representatives of foreign firms operating in Moscow, this problem has been solved: for three years the Soviet capital has had the Centre for International Trade, Scientific and Technical Cooperation with Foreign Countries (CIT).**

#### EVERYTHING UNDER ONE ROOF

The CIT is a huge complex of offices, hotel rooms, conference halls, negotiation rooms, a computer centre, telegraph and post offices, welfare services, shops, and many other things. In short, it is a mini-city, in which the missions of more than 50 firms and banks from the USA, Japan, the FRG, France, Italy, and other countries have already celebrated their housewarming parties. At their disposal are closed-circuit TV to advertise their goods, libraries, information and computer-leasing services, etc.

"Work hard, play hard," is the motto some specialists hold for success in work. Therefore, the CIT has a sports and health-building complex with gymnasiums, swimming pools and saunas, restaurants, cafes, bars, etc.

#### ON A COMMERCIAL BASIS

The CIT is operated by V/O Sovincentr of the USSR Chamber of Commerce and Industry specially set up for the purpose. Its firms offer different services connected with the organization of business meetings, cultural and communal facilities, and hotel accommodation.

Not all companies wishing to cooperate with our country have their offices in Moscow. Inpred, a firm

which represents - on contractual terms - the commercial interests of foreign customers, offers its services as a way out. Its services are used by businessmen from Great Britain, Italy, Sweden, and Japan.

Interservice is a firm which will help equip an office or organize a reception, excursion, or visits to theatres and concert halls.

#### THE VENUE OF INTERNATIONAL MEETINGS

This can well be said about the CIT where some 150 economic, scientific and technical congresses, symposiums, conferences, exhibitions, and seminars were held last year alone.

The Centre welcomed 6,000 participants in the 9th World Congress of Cardiology; it was the venue of the 7th annual meeting of the US-USSR Trade and Economic Council.

This year the CIT received the largest delegation of Japanese businessmen to have ever travelled abroad. It has seen the meetings of the British-Soviet and the French-Soviet Chambers of Commerce and the 10th European Congress of Rheumatologists.

V/O Sovincentr has taken an active part in the work of the World Trade Centers Association, which unites more than 100 organizations from

50 countries. In 1981, the Moscow CIT was the venue of its 12th General Assembly. After the meeting, I asked Guy Tozzoli (USA), the Association's Secretary-General, what he thought about the new Centre. His answer was terse: "It is one of the best centres in the world."

#### SOME HISTORY

"Remembering the establishment of the Moscow Centre, I want to say that it was an object of Soviet-American cooperation," I was told by Vyacheslav Telegin, Deputy General-Director of V/O Sovincentr. "All the planning and materials calculations were done jointly with the Bechtel and Welton Beckett companies. Part of the equipment and materials was bought in the USA.

"While giving our due to these firms, we would like to stress that the construction of the CIT experienced certain difficulties created by the Washington administration. In view of the delay with specifications, construction was suspended for a whole year, and Carter's 'pre-Olympic' embargo affected many supplies. The Americans refused to carry out a number of starting and adjustment operations, which, naturally, had its effect not only on construction rates but also on the profits of the American firms themselves.



## GENERAL

### OIL AND GAS-83 EXHIBITION IN BAKU, WESTERN COMMENTS

Moscow MOSCOW NEWS in English No 42, 23-30 Oct 83 p 4

[Interview by Valery Grigoryev]

[Text] "Friendly relations between countries are more important than commerce..." "During the last five years the volume of deliveries my firm has made to the USSR has nearly doubled and can increase further." "The USSR is not only a powerful, but also an utterly reliable partner." "We have been cooperating with the USSR for 20 years and during all this time cooperation has steadily increased." "We cannot remember a single case when the USSR has not fulfilled its contractual obligations." "My firm Marubeni willingly carries out commercial transactions with the USSR..."

I heard the above-said at the International Exhibition, Oil and Gas-83, in Baku, capital of Azerbaijan. The statements came from people who were far from being Communists, and all the more interesting were their answers to two questions I asked them in an interview. The questions were:

1. Why do you trade with the USSR?
2. What is your attitude to the fact that political motives are sometimes the basis for international trade?

Bobby E. Taylor, president of Bet Trading Associates Inc. (USA), replied:

"During the last five years trade between my firm and the Soviet Union has increased from 10 to between 15 to 20 million dollars. It is a fine result considering the recession in the world market. The exhibition Oil and Gas-78, which took place in Baku and which we attended, played an important role

in such a 'leap'. It goes without saying that we pin all our hopes on the Oil and Gas-83 exhibition.

"I spoke twice in Congress about my country's trading policy with the USSR and I maintained that only narrow-minded people can agree to any kind of limitation on trade. We, businessmen, have more than two hundred years of 'experience' in all kinds of ineffective embargoes. In practice they only hit, above all, the economies of the country which has introduced them.

"This was the case with both embargoes brought in by Presidents Carter and Reagan. Because of these embargoes American business lost nearly half a billion dollars a year, which 'was found' by competitors in Western Europe and Japan."

Rolf Dressler, head of the sales department in the USSR and other socialist countries for the firm Blohm & Voss AG (West Germany), stated:

"Today in the Hamburg docks we have just finished assembling a self-unloading barge with a cargo capacity of 18 thousand tons. It will carry stationary platforms of a plant which is being built in Azerbaijan. This order provided work for ten per cent of our shipbuilders.

"Ties between our firm and the USSR are not only limited to the supply of technical equipment. We also work with the well-known Paton Institute of Electrical Welding in Kiev. Specialists there devise new methods of welding and we make the equipment and ships, which use these methods to weld large-diameter pipes either directly

on board ships, or in conditions of the open sea.

"In a word, the Soviet Union is not simply a powerful partner for us but is also utterly reliable.

"I agree that the present-day political situation in the world, to put it mildly, is disturbing, but politics is politics, and fulfilling trade agreements has nothing to do with this."

Robert G. Plastra, director of the Inter-Trade Producers' Association of Equipment for the Oil, Gas and Geothermal Industries (France), commented:

"We have been cooperating with the USSR for 20 years and during all this time cooperation has steadily increased. We supply floating and stationary oil-drilling equipment, diving and immersion technology for work in very deep water and so on. It just so happened that American firms also participated in our work. US restrictions on trade with the Soviet Union, however, forced us to look for other partners so as to complete Soviet contracts. So these measures cost us a lot."

Frans M. Schlager, International Trade Director with the USSR for the province of Alberta (Canada), said:

"A considerable area of the Soviet Union, as is the case in Canada, is subjected to a severe climate. And it is exactly in these areas where the Soviet Union's present-day oil research is going on and 80 per cent of Canada's oil and gas supply is concentrated. Therefore firms from the 'oil-rich' Canadian province Alberta display their products at the Oil and Gas-83 exhibition. They



specialize in producing sets of oil equipment for use in the North and for work in oil and gas fields with a high level of hydrogen sulphide.

"200 firms from the province have already entered into business deals with Soviet clients. Our trade turnover with the USSR last year was a little lower than in 1981, but we hope to do better."

H. Wada, director of the firm Marubeni (Japan), told me:

"We willingly carry out commercial transactions with the USSR. During the last few years deliveries to the Soviet Union have increased by about four times. We export

large-diameter pipes, pipe layers, drilling instruments for different grades of oil and other technology.

"I must say that the Oil and Gas-83 exhibition in Baku is well-timed in the sense that today not one single country in the world is able to develop off-shore oil, relying only on its own technical capabilities: international cooperation is simply necessary here.

"In particular, a group of Japanese firms, including Marubeni, has formed a special consortium Sode-ko, which pools the financial and technical capabilities of these firms. The aim is to cooperate with the

Soviet Union in developing the sea shelf around Sakhalin Island. It is not worth explaining how much Japan with its poor natural resources will benefit from finding reserves of oil and gas in this area.

"The complicated relations between the USA and the USSR, if taken from a different angle, have given Japanese business unlimited advantages, i. e., opportunities to export our produce to the Soviet Union have increased. But nevertheless we still hope that these relations will improve."

Baku

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